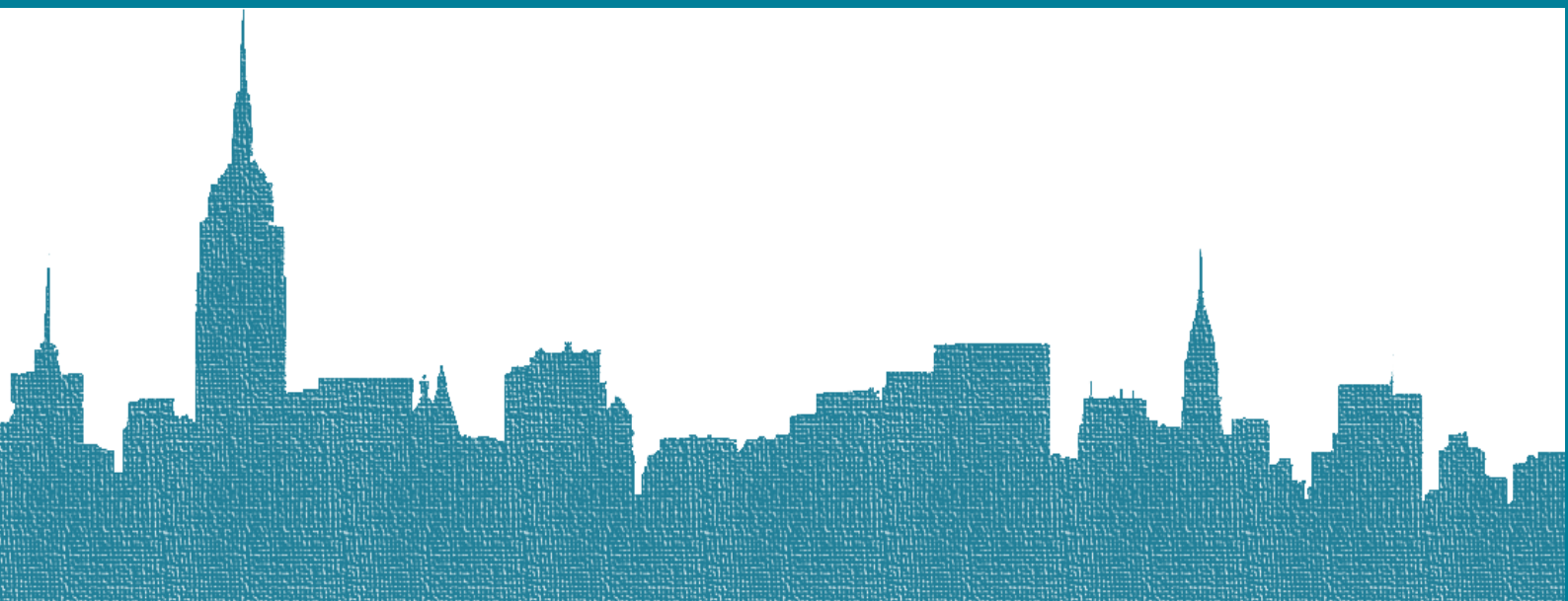


A Giving Thought publication

Giving a Sense of Place:

Philanthropy and the future of UK civic identity



September 2017

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1) *Executive Summary*

Philanthropy has played an important role in the growth and success of towns and cities in the UK throughout history. Yet, as the fortunes of some areas have declined over time – as the traditional industries which sustained them have diminished or disappeared – so too has the culture of civic-minded philanthropy that was once so prevalent. Can this situation be reversed, and a new golden age of civic philanthropy ushered in? One which recognises the rich history of giving in our country without merely harking back to it; and instead focuses on supporting our towns and cities to adapt to the challenges and opportunities of the coming decades.

It is an opportune moment to be asking this question. Questions of weakening civic identity and a growing North-South divide in the UK have become established as part of mainstream political discourse. At the same time, new opportunities have arisen to try to address these challenges in the form of targeted policy agendas like the Northern Powerhouse, the introduction of directly elected mayors in certain regions and the ongoing devolution of power away from central government in Westminster. However, to date any discussion of the role of philanthropy has been notably absent from these debates.

CAF's Giving for the City project is aimed at addressing this absence, and making philanthropy a central part of the discussion about the future of cities in the UK. We have already published a discussion paper looking at the role that directly-elected mayors can play,¹ and this wider report is intended to give an overview of the other areas we will be exploring through the project, as well as providing a unifying narrative about the role of philanthropy in reinvigorating our urban areas. In chapters 2 and 3 we look in more detail at what the challenge is, and where the opportunities might be.

In chapter 4 we consider the history of civic philanthropy in the UK,² and what it might have to tell us about today's challenges and opportunities. We then explore the current landscape of place-based giving in this country in chapter 5, to see the key actors and existing pockets of innovation and inspiration. In chapter 6 we examine the range of motivations for individuals or organisations taking a place-based approach to addressing social and environmental issues, in order to understand how we might develop our culture of civic philanthropy further.

In order to use philanthropy effectively to support a given town or city, we must first understand that place's needs and priorities. Yet all too often this crucial first step is ignored, and strategies are instead

¹ Davies, R (2017) [Chain Links: The role of mayors in building a culture of civic philanthropy](#). London: Charities Aid Foundation.

² We define civic philanthropy as a subset of place-based philanthropy that focuses on supporting the needs of urban areas.

based on assumptions or preconceptions rather than firm evidence. This can lead to resources being allocated ineffectively, or to actions that are well-intentioned but which produce unintended negative consequences.

We argue that one of the vital functions philanthropy can perform in a civic context is ensuring that the evidence base on local needs and priorities is developed, so that interventions can be directed effectively. This could be by funding or producing research, by leading programmes of engagement with local residents, by tapping into existing sources of knowledge such as local public sector commissioners, or by experimenting with models like citizen-led grantmaking, direct payments or challenge prizes; which empower local people to determine for themselves how best to use philanthropic capital to meet their needs. We explore all of these further in chapter 7 of this report

Once we understand the needs of an area, there are still many different ways in which philanthropy can be used to address them. In chapter 8 we highlight some of the options for civic donors, which include Funding public greenspaces and parks to secure their future and ensure we retain all the many proven benefits of such spaces; supporting local journalism and news sources as a vital component of local democracy; using philanthropy and social investment to fund affordable homes and address the crisis in housing; and funding the transition to “future cities’ by supporting the development and implementation of new technologies.

There are huge opportunities to develop a stronger culture of civic philanthropy that can help to strengthen our towns and cities, but there are also significant challenges that we must overcome if we are to do so successfully. In chapter 9 we consider what some of these challenges might be and whether we can find solutions to them. We follow this up with recommendations for what local and central government, elected mayors, philanthropists, charities and others can do. Some of these are highlighted on the next page, and a full list can be found in Chapter 10.

By following these recommendations, we can lay the groundwork for a new golden age of civic philanthropy in the UK.

Headline Recommendations

Central Government:

- **Develop a clear narrative about civic philanthropy:** Government should use the information and ideas in this report and from elsewhere to develop a clear narrative about the role that philanthropy can play in strengthening civic identity and support for towns and cities around the UK; and why this forms a central part of ambitions to revitalise our urban areas. This narrative should avoid creating a false tension between local and national or international giving, and instead make it clear that each has a distinct and important part to play in our overall culture of philanthropy.
- **Make philanthropy a key part of localism and devolution:** Central government should outline a clear narrative and vision for the role of philanthropy in the future of towns and cities. It could also make the development of a philanthropy strategy a part of deals to devolve power to local areas, including any future devolution or city deals.
- **Funding to boost development of civic philanthropy:** Although constraints on public spending remain tight, where money is available for developing localism or civil society, consideration should be given to how it could be used to stimulate a culture of civic philanthropy around the UK and thus leverage in additional resources to support the future of our towns and cities. E.g. The government could consider adopting proposals by NCVO to use money from Dormant Assets (potentially totalling more than £2 billion)³ to help build the endowments of the network of UK community foundations.⁴

Local Government & Public Sector:

- **Establish Local Philanthropy Partnerships (LPPs):** Adopt the same model as the successful Local Enterprise Partnerships (LEPs), to bring together parties with shared philanthropic aims.
- **Knowledge sharing on local needs and priorities:** Public sector commissioners should engage with philanthropic funders on an ongoing basis to share knowledge and insight about the needs and priorities of the local area, rather than limiting their engagement solely to procurement of services.
- **New industrial identity and corporate philanthropy:** Policymakers and politicians should make corporate philanthropy a key part of their strategy when identifying the future industrial base of

³ UK Government (2017) "[£2 billion boost set to transform charity and voluntary sector funding](#)". Department for Digital, Culture, Media & Sport press release, 3rd March.

⁴ <https://www.ncvo.org.uk/1836-ncvo-s-general-election-2017-manifesto-how-it-can-be-achieved#local>

their region. E.g. Areas that are seeking to attract hi-tech businesses should also seek to emulate the rich culture of philanthropy that has arisen out of the tech industry in Silicon Valley.

Mayors:

- **Publish a philanthropy strategy** that outlines a clear vision for a vibrant culture of civic philanthropy and details the approach the Mayor and their office are going to take to developing it.
- **Take a convening role** by using the profile and status of the mayoralty to bring together public sector bodies, companies, charities, foundations and local philanthropists to identify shared goals and to encourage partnership and consolidation where possible.
- **Appoint a philanthropy liaison** to focus on developing relationships with the donor, funder and charity communities and finding and coordinating opportunities for partnerships based around shared priorities for the local area.

Philanthropists and Grantmakers:

- **Developing evidence of needs & priorities:** Philanthropists should fund initiatives designed to build understanding of the needs and priorities of cities. E.g. the Vital Signs approach pioneered by community foundations.
- **Stimulating wider culture of philanthropy:** Funders can help to stimulate more philanthropy and social action by funding the necessary infrastructure. E.g.: social innovation hubs to foster knowledge sharing and networks, philanthropy liaison offices, place-based giving schemes to harness mass-market place-based giving.
- **Transition to Future Cities:** Civic philanthropists should help to position towns and cities for the future by supporting research into new technologies and approaches that can enhance life in our urban areas, and projects to test them in a real-world setting.

Charities and philanthropy intermediaries

- **Understand motivations for place-based giving:** Fundraisers should understand the wide range of different motivations donors and grantmakers might have for wanting to take a place-based approach, and tailor their strategy accordingly.
- **Advice on civic philanthropy:** Philanthropy advisers should join place-based business and philanthropy advisers in their local region so that they can advise clients how to direct some of their giving toward place-based initiatives if they want.

2) *The Challenge*

The fortunes of cities ebb and flow over time. This process is natural, but the pace of change in our society and economy over the last 50 years — driven by huge technological advances — has radically accelerated the rate at which it happens. This has created both winners and losers. Some cities that were little more than villages even within living memory are now huge metropolises, shaping the industries and societies of the future; whilst other once-great cities have found their fortunes diminished to the point where they are struggling for their very survival.

In the UK, both society and the economy have changed dramatically since the end of the Second World War. The traditional heavy industry and manufacturing that took Britain to forefront of the world during the Victorian era has disappeared; much of it transported to developing economies, where it is fuelling extraordinary growth. The UK economy, by contrast, is now primarily based on knowledge and services. This is most obviously reflected in the preeminent position of London in the global financial services industry or the success of UK creative industries such as film and television. For those cities that were built on a legacy of heavy industry, this has posed enormous challenges.

Philanthropy runs like a thread through the narrative of many cities. During times of prosperity and growth, many cities have produced philanthropists who were responsible for the founding of civic institutions and thereby became synonymous with those cities — one has only to think of Rowntree in York, Cadbury in Birmingham, Rathbone in Liverpool or Whitworth in Manchester to get a sense of this. But as time went on many of the industries that spawned these great donors have declined or moved away, so philanthropy as a force for civic identity has declined too.

In part, that is because the role of philanthropy within society, and the expectations placed upon it have changed over time. At the peak of the Victorian era, there was a clear sense that many donors and politicians thought their goal was to create a universal system of welfare based solely on voluntary giving. However, by the end of the 19th century, it was clear that philanthropy was not up to this task: despite many notable successes, philanthropic giving was not at a level sufficient to meet the needs of a growing urban populace, and its patchwork nature meant that it was ill-suited to delivering consistency and equality of access. The early decades of the 20th century saw the development of many of the eventual elements of state-delivered welfare, and the launch of the NHS in 1948 is generally taken to mark the beginning of the welfare state in Britain.

This posed a challenge for philanthropy: what was the role of charitable provision to be in this new landscape? Some thought that the birth of the welfare state spelt the end of philanthropy; that it was an anachronism and would slowly die out. However, this did not prove to be the case: philanthropy continued to play an important role in society, although that role changed significantly. No longer was voluntary provision seen to be the default option: state provision now took precedence, and the value of philanthropy was in addressing the gaps in state provision, challenging failures in public services, catering to those parts of life that were outside the remit of the state, and driving wider social reform through campaigning.

In this context, it is easy to see how civic philanthropy was cast somewhat adrift, as a combination of local government and central government agencies took over responsibility for meeting the needs of people in cities and elsewhere. That is not to say that philanthropy focused on particular cities ever truly went away: there are still many generous individuals around the country giving large amounts to support their local area, but their efforts are diffuse and disparate and there is little sense that they are tied to any sort of consistent overall vision for boosting civic identity.

3) *The Opportunity*

We stand at a moment of huge opportunity in terms of reversing the decline of many cities. The challenges of urban decay and loss of civic identity are now well-recognised parts of the mainstream political agenda, and there is a great deal of policy focus on what can be done not only to reinvigorate traditional cities, but to help them transform to meet the challenges of the future.

We have also seen recently where our failure to address the decline of cities can lead. The strength of feeling among disillusioned voters in former industrial towns and cities - who felt let down and left behind by globalisation and liberalisation – has been identified by some as a key driver behind recent political events such as the EU referendum, the election of US President Donald Trump, and the rise of right-wing populism around the world. The societal divisions that these events brought to light need to be addressed if we are to avoid further unrest in the future, and understanding and tackling the decline of cities is an important part of this.

Here in the UK, there is a particular awareness of the need to rebalance our economy, which has become skewed towards London at the expense of many other areas (see box on page 9). In one of his first speeches as Prime Minister, following the election of the Coalition government in 2010, David Cameron acknowledged this imbalance and the detrimental effect it has on the country as a whole:

“Today our economy is heavily reliant on just a few industries and a few regions – particularly London and the South East. This really matters. An economy with such a narrow foundation for growth is fundamentally unstable and wasteful – because we are not making use of the talent out there in all parts of our United Kingdom. We are determined that should change.”⁵

Policy initiatives designed to bridge this divide by reinvigorating specific areas (such as ‘The Northern Powerhouse’ and its follow-up ‘The Midlands Engine’) are testament to ongoing political awareness of these issues; even if there are still question marks over what they mean in practice. There is also continuing momentum towards greater devolution of power to local areas. Many cities are being given the opportunity to have directly-elected mayors for the first time, and these mayors will have new powers to decide policy and spending priorities.

⁵ Cabinet Office, Prime Minister’s Office, 10 Downing Street, and The Rt Hon David Cameron MP (2010) [*Transforming the British economy: Coalition strategy for economic growth*](#). Transcript of speech given on 28 May 2010 by David Cameron.

Against this backdrop, the time is ripe to ask whether there is a new role for philanthropy to play in the story of our cities. This is not simply about harking back to an idealised version of the past and trying to replicate the successes of The Tudor or Victorian eras in terms of establishing civic buildings and institutions. Rather, we need to find a 21st- Century version of civic philanthropy that is focussed on helping towns and cities to adapt to the challenges and demands of the next ten, twenty or even fifty years. In this way, philanthropy could be a vital catalyst for growth and development and help reinvigorate a sense of civic pride and identity in places where they have been lacking.

FOCUS: The North-South Divide

The southern half of the UK has always been in a strong position both culturally and economically, but up until at least the start of WWI, other parts of the country— notably the great industrial centres of the North – were able to hold their own. However, the inter-war years saw this situation change. A paper by the Government Office for Science as part of its *Future of Cities* project noted that “while towns and cities in southern Britain did not escape the economic uncertainties and disruptions of the inter-wars years, they fared far better than those in northern regions: a major historical and geographical shift in urban economic dynamism, from northern to southern cities, had begun - what Scott (2007) has termed the ‘triumph of the South’.⁶



Figure 1: Cumulative Regional Output Gaps, 1971-2010

between the annual percentage growth in GDP in various UK regions and the corresponding rate for the British economy as a whole.⁷ The struggles of the North over the last fifty years or so are evident.

This divide between North and South became more pronounced as the twentieth century wore on, and more and more of the traditional industry and manufacturing that had been the bedrock of the North's success went by the wayside. The graph in Figure 1 (taken from Gardiner, Martin & Tyler (2012)) shows the year-on-year cumulative difference

⁶ Gardiner, B., Martin R. & Tyler, P. (2014) *The evolving economic performance of UK cities: city growth patterns 1981-2011*. Future of Cities Working Paper; Foresight, Government Office for Science.

⁷ Gardiner, B., Martin R. & Tyler, P. (2012) *Spatially Unbalanced Growth in the UK Economy*. Centre for Geographic Economical Research, University of Cambridge, Working Paper No.1.

One interesting thing to note is that whilst the South clearly fared better than the North during this period, the graph makes it clear that this was not primarily due to the inclusion of London as one might assume. In actual fact, from the late 1970s until the early 1990s, London suffered a decline

	Annual Percentage Growth	
	Employment	Output (GVA)
South*	1.2	4.5
London	1.3	5.6
South Excluding London	1.0	3.9
North	0.6	2.9

Figure 2. How London's Economy Led the 1992-2007 "Long boom"

in fortunes as a result of the loss of its remaining traditional manufacturing and industry, and underperformed against the rest of the South. Since 1992, however, London has very much taken centre stage in the UK's growth story. Between 1992 and 2007, both employment and output grew at a higher rate in the capital than in the South as a whole, and at around double the rate of growth in the North (see Figure 2).⁸

The clear emergence of London in recent times as the engine of growth the UK economy has been a result of a transition from an economy based on industry and manufacturing to one based on knowledge and services. This transition is common to all Western nations, but it is worth noting that it has been more marked in the UK than almost anywhere else. A 2013 government report found that, *"the decline in manufacturing employment began earlier in the UK and has gone further than in most other advanced economies. Less than one tenth of our employed population is now engaged in manufacturing as compared to one third in the 1960s. Most of the rest are employed in services."*⁹ Financial services, in particular,

have played a big part in this transition, as it has been a massive area of growth in the UK for the past 25 years or more. That growth has given London a huge advantage; as starkly highlighted by the graph in Figure 3.¹⁰

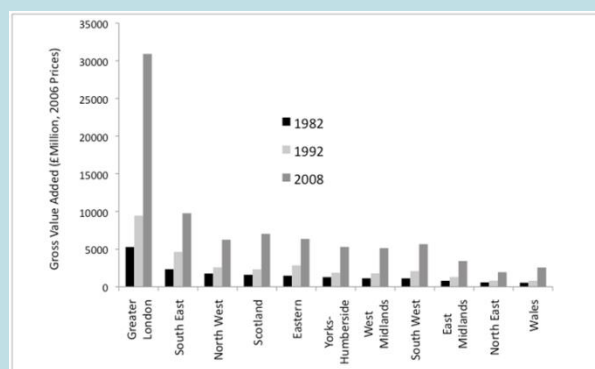


Figure 3: London's Dominance in the Growth of Output in Finance and Banking, 1982-2008

The skewing of the UK economy towards London in recent years does not necessarily represent a new phenomenon; rather, it may be more like a resumption of normal service. As the nation's capital, London has always exerted a strong pull and enjoyed a pre-eminent position in economic,

⁸ Gardner, Martin & Tyler (2012)

⁹ Rowthorn, R. & Coutts, K. (2013) *De-industrialisation and the balance of payments in advanced economies*, Government Office for Science, Foresight. Future of Manufacturing project: Evidence Paper 31

¹⁰ Gardner, Martin & Tyler (2012)

cultural and social terms. This was recognised as a problem as far back as 1940, when the Barlow Commission Report (1940) had this to say:

“The contribution in one area of such a large proportion of the national population as is contained in Greater London, and the attraction to the Metropolis of the best industrial, financial, commercial and general ability, represents a serious drain on the rest of the country.”¹¹

This concern is one that we can hear echoed around the UK today, and the imbalances between North and South, and between London and everywhere else, continue to pose major challenges for policymakers.

¹¹Report of the Royal Commission on the Distribution of the Industrial Population (1940). London: Stationery Office, §171

4) *The History of Civic Philanthropy in the UK*

We know that philanthropy has played an important role in the growth and development of many UK towns and cities, but what, if anything, can we learn from history that is actually useful in terms of looking to the future? This is not the place to attempt a potted history of the whole of UK philanthropy.¹² However, it is worth looking at some of the broader trends that can be discerned - as well as some individual examples of philanthropists and the impact they had on particular places - in order to get a sense of the ways in which they helped to shape the towns and cities of today. This will help us to understand how we can reconnect with the history of philanthropy in our cities without simply harking back to the past for its own sake.

Religion and secularisation

Philanthropy in its modern sense can be traced back to Tudor times, and the schism between Catholicism and Protestantism following the decision of Henry VIII to leave the Church of Rome. This led to a new approach to giving that was distinct from the almsgiving of mediaeval times, as it focussed far more on what was actually achieved with donations rather than the role they played in securing the donor's immortal soul. This eventually paved the way for a secular conception of philanthropy as a way of addressing systemic social problems, which was to prove crucial in the subsequent development of urban philanthropy.

It is important to note that whilst the practice of philanthropy gradually took on a new, secular form following the Reformation, the motivation behind giving remained a religious one for the vast majority of donors. People were still being told by religious leaders that doctrine compelled them to give to charity, but, *"the advice... was increasingly pragmatic in nature, and thought still concerned about benefits in the hereafter, was more worldly and present-minded in its demands for an active, discerning, and effective charitable community."*¹³ The constant reminder from the bully pulpit of the charitable obligation played an incredibly important role in driving the culture of philanthropy in Britain for many hundreds of years. Indeed, it is highly unlikely that the great philanthropic "booms" of the Tudor and Victorian eras would have happened without this backdrop.

¹² If you are interested in a broader look at the history of philanthropy in the UK and its relevance to the modern role of philanthropy, read Davies, R. (2016) *Public Good by Private Means: How philanthropy shapes Britain*. London: Alliance Publishing Trust.

¹³ Andrew, D. (1989) *Philanthropy and Politics: London Charity in the Eighteenth Century*. Oxford: Princeton University Press. p22.

Urbanisation

From the end of the mediaeval period growing numbers of people left rural areas - and a life of subsistence farming - and moved to the rapidly-expanding towns and cities: drawn by the prospect of jobs, wealth and a better life. This phenomenon increased exponentially in the 18th and 19th centuries, driven first by the Agricultural and then the Industrial Revolution. New technologies and farming methods reduced the need for human labour and thus drove even more workers and their families out of the countryside and into the cities, where a huge range of new industries created vast demand for labour.

This shift had major implications for the development of philanthropy. The scale and nature of social problems changed dramatically: whilst there had always been rural poverty, those in the countryside were usually able to find work and had access to land on which to grow their own crops. In the cities, however, entire industries were often subject to massive fluctuations in demand so employment levels

could drop to virtually zero, thus creating an entire new underclass of the unemployed. These people also no longer had the means to provide for their own subsistence, and the vastly increased population density meant that ill-health and disease were rife. These living conditions also had a



Figure 4. Wood engraving of a slum in Gray's Inn Lane, London c.1850.

dehumanising effect, and led to many knock-on effects in

terms of increased crime and vice (see figure 4).¹⁴ Surrounded by squalor and degradation, human life often came to be seen as cheap and problems like alcoholism and prostitution reached epidemic proportions. Many of the structures that had provided help to the poor in the traditional rural setting (such as the local church or landowner) had also been responsible for maintaining moral and

¹⁴ Image from Wellcome Images collection, ref.L0073462. "Wood engraving depicting cramped and squalid housing conditions", taken from National Philanthropic Association (1850) *Sanatory progress: The fifth report of the National Philanthropic Association*. London: J Hatchard & Sons. Copyrighted work available under Creative Commons Attribution only licence CC BY 4.0 <http://creativecommons.org/licenses/by/4.0/>

behavioural standards (often in a highly patrician manner, it has to be said), so the absence of these structures in the urban setting meant that there were few checks on the descent into vice and criminality of those at the bottom of society.

The traditional methods and approaches of philanthropy were not suited to this urban environment. Philanthropy (and the almsgiving that preceded it) had been something that took place at a highly localised, parish level and, as David Owen argued, “*to translate the person-to-person charity from the village or the small town to an urban slum seemed, and indeed was, an impossible hope.*”¹⁵ It had previously been possible to make decisions about giving on the basis of seeing the problems and meeting those in need; and assessing whether they were genuinely worthy of assistance. However, in an urban setting, this was no longer possible as there were simply far too many people in need for a philanthropist to interact with them all individually.

The secularisation of philanthropy outlined above proved hugely important when it came to adapting philanthropy for an urban environment. In mediaeval times, religious doctrine had taught that poverty was merely a part of the natural order, and that its role in God’s plan was to provide an opportunity for those with wealth to demonstrate their benevolence and thus secure passage to heaven. There was thus no real notion of trying to “address” or “solve” problems of poverty at a systemic level; merely of dealing with individual instances of them. However, philanthropists in the towns and cities could no longer deal with the volume of needy individuals, as no one person would have the capacity to assess all the applications for assistance or distribute the funds to those deemed worthy of help. This made it clear that the only way of dealing with urban poverty was to try and find solutions to some of its underlying causes; and that philanthropy would have to change in order to do this.

This was one of the driving forces behind the development of “associational philanthropy”, which began in the mid 17th century. This period saw the birth of the ‘joint stock corporation’: a new structure allowing individuals to come together and pursue business interests collectively. At the same time, individuals also started to come together to pursue their philanthropic interests by pooling donations into an intermediary organisation, which would then distribute them according to agreed criteria. According to Owen, “*it was out of the question for the philanthropist, however well disposed, to seek out the cases of greatest need and to become familiar with them. The consequence was, of course, to stimulate the growth of charitable societies serving as intermediaries between individual philanthropist and beneficiary... [Thus] the nineteenth century saw the charitable organisation come to full, indeed almost rankly luxuriant, bloom.*”¹⁶ These intermediary organisations were staffed by people who might not themselves be wealthy, but had expertise and understanding of social problems and were thus able

¹⁵ Owen, D. (1964) *English Philanthropy 1660-1960*. Cambridge, MA: Harvard University Press. 138.

¹⁶ Owen (1964). 92.

to direct the resources of the wealthy more effectively. This is essentially the start of the modern notion of a charity or voluntary organisation, which has proven to be an extremely enduring model.¹⁷

Understanding urban problems

The traditional means of understanding need for philanthropists was essentially visual: they would literally be able to see for themselves the problems of poverty and ill-health in their local area. Physical proximity was therefore a key driver of giving. In urban areas the dynamic changed, as the poor became segregated into over-populated ghettos of low-quality housing (often in the shadow of the factories in which they worked), and those with wealth gravitated towards their own enclaves elsewhere. As long as there were still things bringing the two worlds into contact, this would not necessarily undermine the philanthropic urge. For instance, the famous London philanthropist Thomas Coram (Figure 5)¹⁸ often attributed his dedication to the cause of abandoned children (or “foundlings”) to his experiences of walking from his home to work in the City of London through a less salubrious area and seeing many deserted children by the roadside, both alive and dead.¹⁹



Figure 5. Thomas Coram pictured in front of the Foundling Hospital, an infant in the foreground

However, if the wealthy were effectively able to insulate themselves from the poverty around them in urban areas, then it could have a hugely detrimental effect on their willingness to do anything about it. Friedrich Engels (the future co-author of the Communist Manifesto) produced a report in 1845 on *The Condition of the Working Class in Manchester*, in which he identified the dislocation of rich from poor as one of the city’s major problems. The historian and former Labour MP Tristram Hunt recounts Engels’ perception of the situation.²⁰

“One of the most telling aspects of Manchester life was that the other half, the bourgeoisie, rarely had to come face to face with the horrors of proletariat existence.”

¹⁷ There are now over 160,000 registered charities in the UK.

¹⁸ Thomas Coram. Line engraving by J Brooke (1751) after B Nebot (1741). Wellcome Images, [ref M0010306](https://www.wellcomeimages.org/ref/M0010306). Copyrighted work available under Creative Commons Attribution only licence CC BY 4.0 <http://creativecommons.org/licenses/by/4.0/>

¹⁹ Rodgers, B. (1949) *Cloak of Charity: Studies in Eighteenth-Century Philanthropy*. London: Methuen & Co. Ltd. 25.

²⁰ Hunt, T. (2004) *Building Jerusalem: The rise and fall of the Victorian city*. London: Weidenfeld & Nicolson. 31.

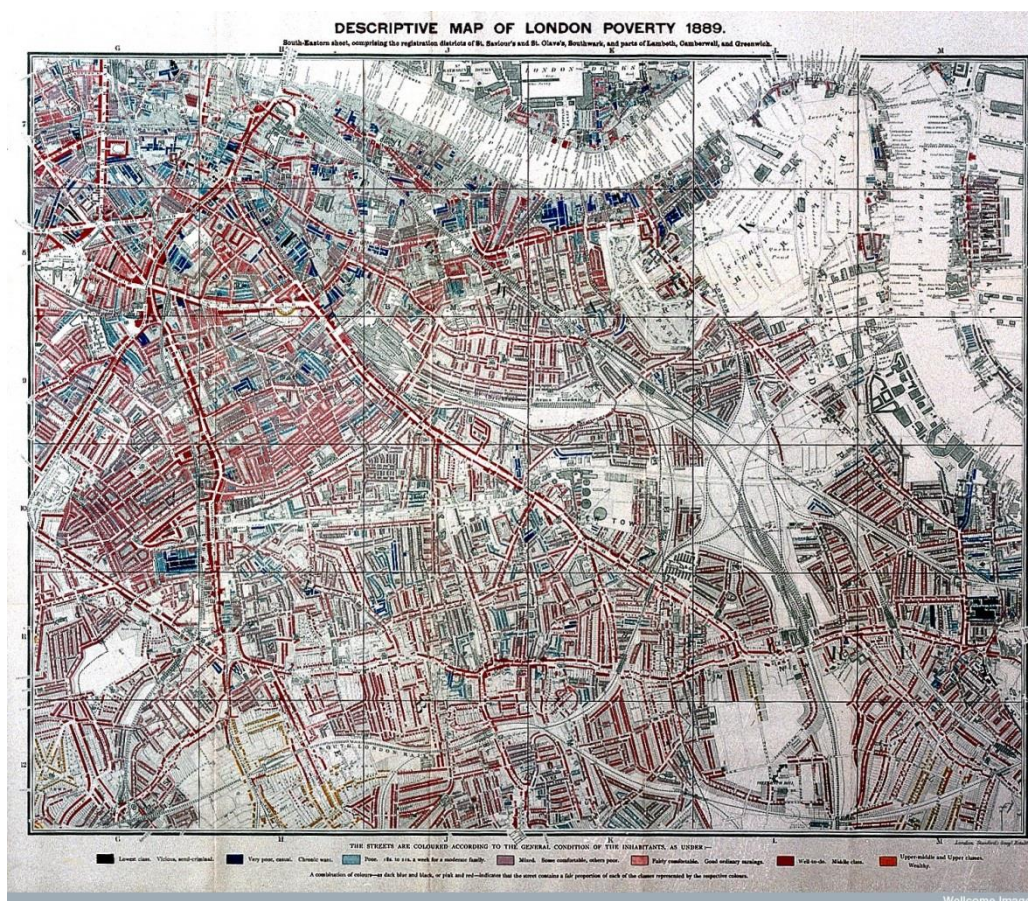
The divide between the two nations was more than financial. It was physical. The prosperous middle classes made their way to and from the city centre as the demands of their business necessitated. And on their way, according to Engels, 'the members of this money aristocracy' take a route which avoids them having to see 'The grimy misery that lurks to the right and the left'... Engels believed he had never seen 'so systematic a shutting out of the working-class from the thoroughfares, so tender a concealment of everything which might affront the eye and the nerves of the bourgeoisie'."

We should probably be careful of taking Engels account entirely at face value, given that he was partly engaged in producing propaganda designed to support his nascent views on the need for a Communist revolution; but even if he was guilty of overstating the extent of this problem for his own ends, he was right in his analysis of how damaging the phenomenon of physical segregation of rich and poor can be in terms of attitudes to poverty. Modern research in the US has shown that those living in areas that are economically homogenous are less likely to give to charity than those in economically diverse areas, and that this effect can be reversed simply by giving people a prompt (e.g. a short video on child poverty). As one of the researchers explains it, *"Simply seeing someone in need at the grocery store—or looking down the street at a neighbour's modest house—can serve as basic psychological reminders of the needs of other people... Absent that, wealth will have these egregious effects insulating you more and more."*²¹

Ensuring that those with money were still aware of the need around them was only half the battle, however. There still remained the problem of what to do about it in an urban setting, where individual face-to-face interaction was impractical given the scale of the poverty. In response to this challenge, the introduction of professional charitable organisations brought with it a greater emphasis on using research and evidence - particularly the new methods of social science - in order to try to understand the nature and underlying causes of the challenges facing cities. Figures like Charles Booth (see Figure 6),²² the Rowntrees (Joseph and his son Seebohm), and the Webbs (Beatrice and Sidney) dedicated their lives to social research on the lives of the poor. This had a huge impact on the understanding of poverty at the time, and led to many changes in policy and practice that we can still recognise today, including the introduction of old-age pensions and the eventual establishment of the welfare state.

²¹ Paul Piff from UC Berkely, quoted in Gose, B. & Gipple, E. (2012) [Rich Enclaves Are Not as Generous as the Wealthy Living Elsewhere](#). *Chronicle of Philanthropy*, 19 Aug.

²² "Descriptive map of London poverty, 1889 (south-eastern sheet)". Taken from Booth, C. (ed.) (1892-1897) *Life and Labours of the People in London*. London: MacMillan. Wellcome Images, [ref L0027749](#). Copyrighted work available under Creative Commons Attribution only licence CC BY 4.0 <http://creativecommons.org/licenses/by/4.0/>



their philanthropy with a religious or quasi-religious zeal, and employed methods that from a modern perspective seem incredibly obtrusive. For instance, there was a particular fashion for middle-class philanthropists (often women) to make house visits to the homes of the poor in order to see for themselves the problems and to offer well-meaning advice and support. In this context, the power imbalance that is inherent in philanthropy- between those who have wealth and those they are trying to help – was particularly pronounced. It is little wonder; therefore, that some came to be highly critical of philanthropy and to see it as a patronising and dehumanising way of addressing poverty.²⁴

Inequality and fear of unrest

We should not be naïve, and assume that all philanthropic concern about poverty is always motivated purely by altruism. Often in the past there was a significant element of “enlightened self-interest”, as the donors realised that failure to address social problems associated with poverty would harm the wider fabric of society and perhaps lead to unrest and even revolt. The historian David Owen argues that this was a key motivating factor in the enthusiasm that was shown for philanthropy during the Tudor era:

*“[The Tudors] steady concern with the eroding poverty of their age proceeded not from any sentimental concern for the poor but rather from an astute understanding that unrelieved, uncontrolled want constituted a grave threat to the stability of the realm. It is not too much to say that the Tudors viewed charity as a necessary aspect of public policy rather than as a requirement of Christian morality”*²⁵

Fear of unrest as a motivation for philanthropy has been a constant theme throughout the ages. At times of particular poverty or hardship it has particularly come to the fore. During the late 18th century for instance, there was widespread concern that the radicalism that had led to the French Revolution would cross the channel and cause similar unrest in England. Figures like the philanthropist Jonas Hanway argued that “*the role of charity was central [because] only charity could mediate between rich and poor and act as a counterbalance to ‘all the evil passions of envy, covetousness, revenge, so frequent, so pernicious’*”.²⁶

At the start of the 20th Century, Winston Churchill argued that inequality, urban poverty and the unrest it foments was still a source of great concern:

²⁴ See Davies (2016). 177-183.

²⁵ Owen, D. (1964). 149.

²⁶ (Andrew, 1989), 97.

“The greatest danger to the British Empire and to the British people is not to be found among the enormous fleets and armies of the European Continent, nor in the solemn problems of Hindustan . . . nor any danger in the wide circuit of colonial and foreign affairs. No, it is here in our midst, close at home, close at hand in the vast growing cities of England and Scotland, and in the dwindling and cramped villages of our denuded countryside. It is there you will find the seeds of Imperial ruin and national decay – the unnatural gap between rich and poor . . . the awful jumbles of an obsolete Poor Law, the constant insecurity in the means of subsistence and employment which breaks the heart of many a sober, hard-working man, the absence of any established minimum standard of life and comfort among the workers, and, at the other end, the swift increase of vulgar, joy-less luxury – here are the enemies of Britain. Beware lest they shatter the foundations of her power.”²⁷

The striking thing about this quote is that (apart from a bit of old-fashioned terminology) it could quite easily have been made today. Inequality and its consequences are once again at the top of the political agenda. Much of the analysis of the political events of recent times, such as Brexit, the election of Donald Trump or the wave of right-wing populism sweeping Europe and the US, has focused on the emergence of a disenfranchised and disaffected working underclass – often living in former industrial towns, cities and regions – and the extent to which their sense of being left behind by globalisation and liberalisation is a factor. In the UK and the US this dissent has, so far, been channelled through the ballot box. However, in other countries existing democratic systems have not proved sufficient, and the disgruntlement has spilled over into civil unrest and even violence.

The question of what role philanthropy can play in this context is a tricky one. Philanthropy's relationship with inequality is an inherently difficult one:²⁸ the very notion of philanthropy seems to require that there be haves and have-nots, and thus inequality is arguably a precondition of philanthropy. Can it, therefore, be effectively used as a tool to address inequality? Put another way, can philanthropy be part of the solution to inequality, or is it always part of the problem? This has a huge bearing on the extent to which philanthropy can successfully help to staunch unrest, too. Historically, many philanthropists motivated by fear of unrest had a rather naive view that their giving would solve the problem because the poor would be so grateful for what they received that they would abandon ideas of revolution and be content with their lot. As the historian Frank Prochaska puts it, *“the ruling classes largely took it for granted that deference would flow from their philanthropy”*.²⁹ Views of this kind would be seen as highly

²⁷ Churchill, W. (1909). [*Liberalism and the Social Problem*](#). London: Hodder and Stoughton. 363.

²⁸ See, e.g. Reich, R. (2006) [Philanthropy and its Uneasy Relationship to Inequality](#). *Philosophy & Public Policy Quarterly*, Vol 26, No 3/4, (Summer/Fall 2006)

²⁹ Prochaska, F. (1990) 'Philanthropy'. Chapter 7 in Thompson, F. (ed.) (1990) *The Cambridge Social History of Britain 1750-1950, Volume 3: social agencies and institutions*. Cambridge: Cambridge University Press. 357-395.

impolitic nowadays, however. Thus, if philanthropy is to have a role in addressing the underlying causes of unrest in our towns and cities, we need to have a far more sophisticated idea of how this would actually work.

Welfare: State or philanthropy?

One of the central elements in the story of philanthropy in the UK is the shifting nature of expectation about where the responsibility for welfare provision lies: with the state or with philanthropy? In broad brush terms, the arc goes something like that outlined in figure 7:

To confuse things further, during much of this time the line between philanthropy and state provision was at best blurry. This was particularly true at a local level, where the overlapping activities of multiple actors including charities, parish authorities, the NHS, local authorities and other civic institutions often made it virtually impossible to determine who was responsible for doing what. In many cases, individuals who were noted for the civic philanthropy also had many other roles that were relevant when it came to addressing the needs of the local area. And it was often not clear (and perhaps not actually deemed important) which hat they were wearing in a given instance. We can see occasional echoes of this nowadays although it is less common. For instance, one of the defining characteristics of billionaire Michael Bloomberg's tenure as Mayor of New York was his willingness to use his own (considerable) wealth to address via philanthropy, many of the same problems that he was concerned with in his mayoral role. (For more on this see our previous discussion paper *Chain Links: The role of mayors in building a culture of philanthropy*).³⁰

Given the extent to which the balance of expectation between state and philanthropic welfare provision has shifted over time, it is unsurprising that we have arrived at a point where there is often little clarity (and many competing views) about what the appropriate role of philanthropy actually is. This is often identified as a key stumbling block to developing a deeper culture of philanthropy in the UK. It is also cited by philanthropists themselves as one of the hurdles they face when they do want to give at a local level, because determining their role within the myriad of competing agencies and organisations operating within a given local area is often extremely difficult.

³⁰ Davies, R. (2017) [Chain Links: The role of mayors in building a culture of philanthropy](#). London: Charities Aid Foundation.

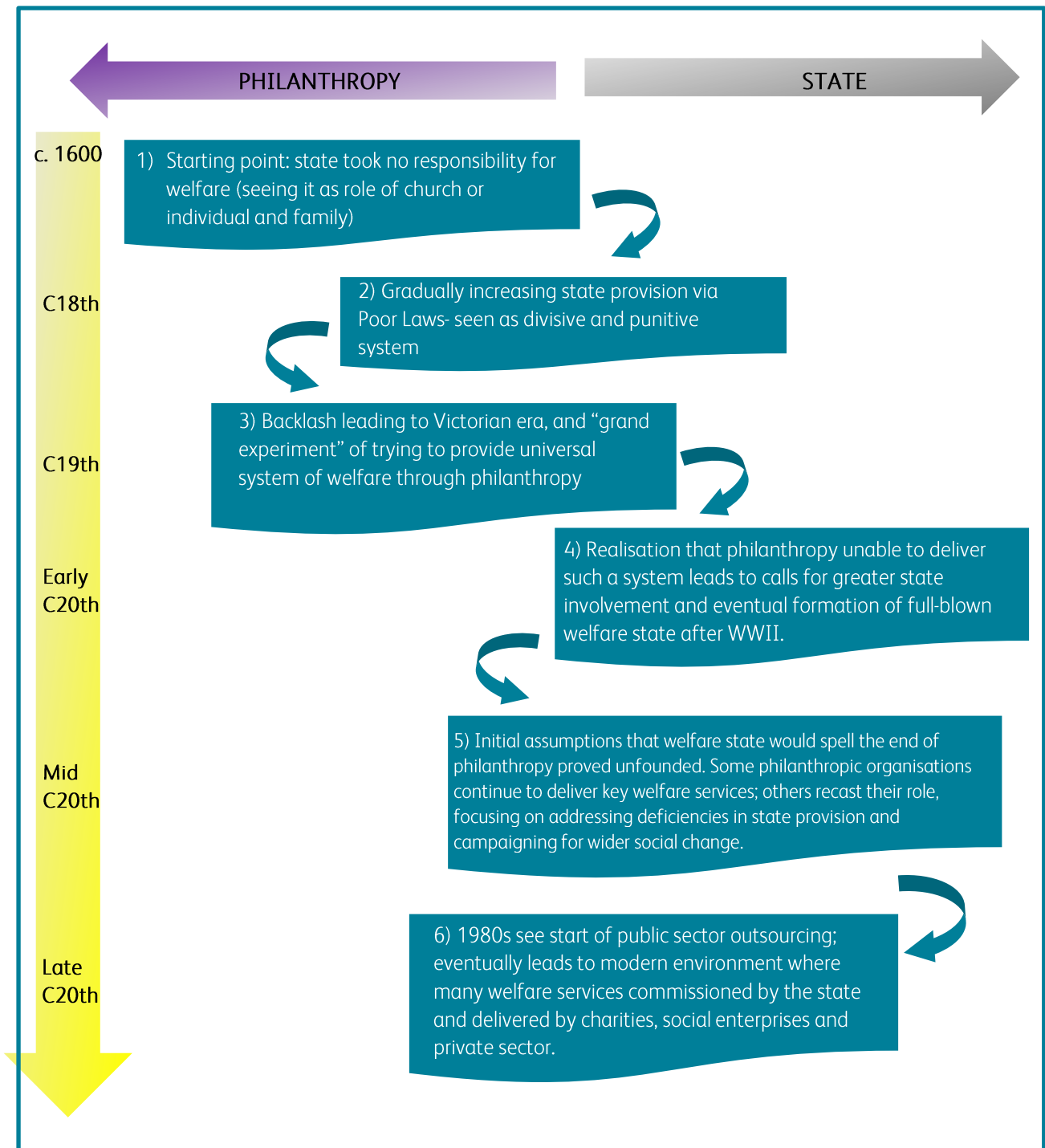


Figure 7. The shifting responsibility for welfare provision in the UK

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London vs the rest of the UK

Over recent decades the economy of the UK has become heavily skewed towards London (See box on the North-South Divide on page 9). But the capital has long been a centre of wealth creation and, consequently, of philanthropy. In Tudor London, figures like Thomas Gresham and Thomas Sutton became famed for their generosity.³² Philanthropy also became competitive, as Tudor merchants were keen to secure for themselves the most effusive eulogy when they died, and noteworthy charitable deeds were one of the most effective ways of achieving this. This had a knock-on effect on philanthropy outside London, as merchants in other regions read these eulogies and, keen to secure similar praise for themselves, followed the charitable example of these famed London philanthropists (often by literally copying their donations).³³

But UK philanthropy has not always been about London leading and the rest following. At certain times in the past, particularly during the Industrial Revolution and the Victorian era, cities outside London became centres of huge wealth and power in their own right, and developed their own unique cultures of philanthropy and their own iconic philanthropists, as we shall see.

Iconic industries, iconic philanthropists

³¹ Davies, R. (2017) [*Chain Links: The role of mayors in building a culture of philanthropy*](#). London: Charities Aid Foundation.

³² Ross, C. & Chapman, C. *Philanthropy: The City Story*. London: Sutton's Hospital

³³ For more on this and on the wider question of philanthropy and social status, see Davies, R. (2016) *Public Good by Private Means: How philanthropy shapes Britain*. London: Alliance Publishing Trust. 119-126

The 19th century saw many towns and cities around the UK expand rapidly. Their growth was usually driven by a particular industry or handful of industries, and as a result many cities came to be synonymous with particular industries not just within Britain, but on the world stage. Gardiner, Martin and Tyler highlight the case of the North-West, where this phenomenon was particularly pronounced:

“Different regional and subregional groups of towns and cities become dependent on and propelled by particular types of industry. The most prominent such grouping was that of the Lancashire towns and cities. Lancashire had pioneered the factory production of textiles, helped by the combination of local coal to provide power, soft water, a damp climate, and the nearby ports of Liverpool and Manchester. By the mid-19th Century the towns and cities of the region - especially Manchester, Liverpool, Bolton, Oldham, Blackburn, Preston and Burnley - accounted for two-thirds of world trade in cotton goods, the source of more than a quarter of the nation’s overseas earnings. Liverpool played a key role in this trade; indeed, in the early-19th century it claimed to be the second trading city of the Empire, after London.”³⁴

The map in Figure 8 shows in a wonderfully stylish way some of the different industries and resources associated with various towns, cities and regions around Britain.³⁵

³⁴ Gardiner, B., Martin R. & Tyler, P. (2014)

³⁵ *Great Britain. Her natural and industrial resources*. Travel poster (c.1939-1945). New York: Distributed by the British Information Services, an agency of the British Government. Made available under a [Creative Commons Attribution Non-Commercial No Derivatives License](https://creativecommons.org/licenses/by-nc-nd/4.0/) by Digital Commonwealth. Permalink: <http://ark.digitalcommonwealth.org/ark:/50959/5999n442k>



Figure 8. "Great Britain: Her Natural & Industrial Resources": map of Britain showing centres of production and manufacturing of various raw material and goods

Many of these towns and cities also developed a strong sense of philanthropic identity, driven by prominent individuals and companies who had benefitted from the boom in local industry. One

practical factor which dictated philanthropy retaining a local focus was simply that limitations of transport and communications meant that people's lives were far more focussed on their local area. New inventions like the train, the telephone and the radio were beginning to expand the sphere of experience for some, but it remained limited. This applied particularly to the working classes, who had neither the means nor the time to undertake long journeys, and would usually be born, grow up, find work, get married, have a family and die all within a very small radius by today's standards. This had a knock-on effect because many philanthropists were also local business owners. Given that long-distance commuting was not really feasible, their workforce would almost invariably be drawn from those who lived in close proximity to the business itself. This meant that there was a particularly strong rationale of enlightened self-interest when it came to philanthropy: apart from the desire to cater to the needs of the local working populace in order to prevent any danger of unrest (as highlighted above), there was also a positive incentive to ensure that they were healthy and happy because that would make for a more productive workforce.

This commercially-minded philanthropic concern for a local populace that primarily consisted of one's



Figure 9. Suggestion box from Cadbury's Bourneville factory

own employees gave rise to some of the best known examples of philanthropy linked to industry. Figures like George Cadbury, Joseph Rowntree and William Hesketh Lever became famous for their progressive attitudes towards employee welfare, and introduced many innovations that are still with us even today. (Such as the employee suggestion box pictured in figure 9).³⁶ Each of these men

went so far as to construct purpose-built communities for their workers.³⁷ These initiatives were obviously motivated by the desire of the individuals involved to improve their own businesses, and a sense of responsibility for the welfare of their employees, but they were also philanthropic in the sense that they were clearly intended to provide a template for others to follow.

³⁶ Image taken from Head, B. (1903) *The Food of the Gods: A popular account of cocoa*. London: R Brimley Johnson, p 62. Digitised as part of the Internet Archive project (www.archive.org). Original Work is out of copyright.

³⁷ Bourneville, New Earswick and Port Sunlight respectively.

Civic Philanthropy: Key lessons from history

Exploring the history of philanthropy and the role it has played in the development of our cities is fascinating in its own right. However, if we are to make it relevant to modern policymaking and practice we need to draw out some themes and conclusions that bear relevance to this context. Some of those that can be identified from the evidence we have considered are:

- **The importance of physical interaction between those from different levels of wealth and different walks of life**, because these human interactions are often fundamental to motivating philanthropy in the first place. This has implications for the ways in which we plan our cities, as it shows that we need to create public spaces where residents from different backgrounds and social groups can interact and have shared experiences. It also highlights the role that philanthropic organisations can play in bringing disparate groups together.
- **The value of research and evidence in understanding urban problems**. The pioneering work of social researchers like Charles Booth, John Howard or the Rowntrees played a crucial role on shaping philanthropy and making it more effective in an urban context. This remains true today, as it is still vital that we try to understand the underlying causes of the challenges facing our cities so that we can identify the best possible ways of addressing them.
- **The danger of moralistic approaches to poverty**. Poverty has always been a hugely complex issue, and one that elicits many different views. However, history shows us that approaches to addressing poverty that are seen to be overly judgmental or punitive more often than not do as much damage as good by creating resentment and ill-feeling.
- **Fear of unrest as a motivating factor**. Concern about urban poverty and division not just for its own sake, but because of the eventual impact it may have in terms of civil unrest and even violence, can be seen as a motivating factor for philanthropy throughout history. This need not be a negative thing; a degree of enlightened self-interest on the part of donors is entirely rational, but using philanthropy to address inequality is challenging, as we have seen, so efforts to do so must be carefully calibrated.
- **The power imbalance in philanthropy**. There is an inherent power imbalance in philanthropy when it concerns those with wealth seeking to give it away to help those less fortunate than themselves. This imbalance can often be felt particularly acutely in the context of a local area because the donor and recipient may live side by side and be part of the same community, and this may bring challenges for policy makers who want to encourage integration and community cohesion.

- **The need for clarity over role of the state vs philanthropy.** The relationship between philanthropy and state provision is a long and complex one, and perhaps as a result there is often little clarity in a modern context about where the role of the state ends and that of philanthropy begins. If we are to develop a thriving culture of civic philanthropy, it will be vital to develop a clear narrative about what role philanthropy is to play in our towns and cities and where it fits within the wider context of the state and the market.
- **Ease of travel and communication may have eroded our sense of place.** In the past, limitations on travel and communication for all but the richest members of society meant that most people's sense of place and community was straightforwardly determined by their local surroundings (which in many cases would be where they were born and spent their lives). When it came to philanthropy, this meant that there was often a clear link to a particular place on the part of the donor (and for philanthropists who combined corporate and individual philanthropy, on the part of their workforce too). In today's world, however, people are far more mobile and developments in technology have lowered or removed barriers to communication to an enormous degree. As a result, people's sense of community need no longer be tied to geography in the same way and this impacts on their desire to give to a specific area.
- **Many UK Cities historically had a strong sense of their own philanthropic identity.** Often this was tied to the industries on which the city's economy was based, and through which its philanthropists had created their wealth. Despite the fact that many of these industries have subsequently declined, this history provides a rich source of context for efforts to build a modern culture of civic philanthropy.
- **The importance of philanthropic leadership.** It is clear from the history of philanthropy in our towns and cities that prominent local leaders such as mayors, local businesspeople, community and faith leaders, and so on can play an important role in driving a culture of civic philanthropy. If we are to do the same in a modern context, we will once again need to harness the leadership role of these and other figures.

5) *The Current Landscape of Civic Philanthropy in the UK*

We have seen that civic philanthropy has a rich history in the UK. But what is the current state of philanthropy in our towns and cities? If we want to use it as a tool for civic growth and renewal, then are we essentially starting from scratch or are there existing networks, initiatives and examples of best practice that we can build upon? Fortunately, the situation is more the latter than the former. There are many individual philanthropists and companies who are focussing at least part of their giving on specific locations. There are also many charities and civil society organisations who are addressing the challenges of specific towns and cities, and attempting to engage with supporters on the basis of their affinity with those places.

But as is often the case, these efforts are disparate and uncoordinated; and do not really reflect a policy-level focus on the role that philanthropy can play in a civic context. In part, this reflects one of the main challenges of looking to philanthropy as a tool for civic renewal: that in order to be effective, initiatives must be firmly rooted in the needs and priorities of a particular local area and reflect the specific regional context; but at the same time there needs to be enough of a common core between the approaches taken in different areas that they can be seen as part of a coherent 'culture of civic philanthropy' at a national level.

Before we attempt to address the question of how we might build such a culture, let us look at the existing landscape of civic philanthropy across the UK.

Community Foundations

The most important players in this landscape are the network of 46 Community Foundations that exist across the country. These are locally-based, endowed charities which undertake a mixture of donor services and local grantmaking. In total, they currently control assets of £500 million and distribute around £65 million per year in grants.³⁸ The model originally comes from the US (where the first ever community foundation was established in Cleveland, Ohio, in 1914),³⁹ and was introduced to the UK in 1975 (in Swindon).⁴⁰ Initial growth of the network was slow, but received a major boost in 1988 in the form of a joint initiative between CAF and the Charles Stewart Mott Foundation aimed at promoting the development of the community foundation model in the UK; and then again in 1990 when Mott

³⁸ <http://www.ukcommunityfoundations.org/>

³⁹ <https://www.clevelandfoundation.org/about/history/>

⁴⁰ Jung, T., Harrow, J. & Phillips, S. (2013) *Developing a better understanding of community foundations in the UK's localisms*. Cass Business School, University of London.

and CAF each put £1m into a challenge match fund that was eventually used to help three community foundations build their permanent endowments.⁴¹ As a result of these initiatives (and others), there were over 50 community foundations in the country by the end of the 1990s.

Across the globe, community foundations represent a powerful force in place-based giving. There are over 1,800 community foundations or related place-based foundations worldwide, which control financial reserves of over \$63billion and make combined annual grants of over \$5billion. Over 800 of these are in the US, where the model has been around for a long time, but the growth of the wider global movement has accelerated recently: 70 per cent of community foundations worldwide were created in the last 25 years.⁴²

The Community Foundation movement in the UK is coordinated by a central membership body (UK Community Foundations).⁴³ However, each member organisation is unique – partly shaped by local context, and partly by organisational history. As a result the size, strategic focus, level of influence etc. of individual community foundations varies considerably. Whilst as a network, community foundations are one of the most important sources of grantmaking to the voluntary sector in the UK, there would still appear to be huge room to grow further. In the US, for instance, the average endowment of a Community Foundation is \$69.8 million (roughly £54 million) compared to £10.9 million in the UK, despite the fact that the average population area served is not that dissimilar.⁴⁴ And although community foundations often prove extremely popular with those philanthropists and policymakers who do discover them, the overall level of awareness of remains quite low.

There is also the ongoing potential for tension in the community foundation model: tension between their role as a place-based grantmaker and civic leadership organisation, and their role as a provider of services to high net-worth donors. In an ideal world, it would be possible to combine these two roles seamlessly if we could safely assume that the needs of a local area were perfectly aligned with the interests and priorities of donors. However, this is an assumption that is not always (or even often) justified. The element of individual choice at the heart of philanthropy makes it particularly good at some things (e.g. innovation, flexibility, longevity) but particularly bad at others, including the effective and rational matching of need with provision (both in geographic and cause terms). This means that the most pressing needs of an area and the causes to which local philanthropists want to give to might diverge quite significantly. In this case, community foundations are forced to make a choice between prioritising their local grantmaking role or their donor services role. The decision of some to opt for the

⁴¹ “[UK Community Foundations Are Going the Distance](#)”, Press release from Charles Stewart Mott Foundation, 1st April 2014.

⁴² Statistics taken from the Community Foundation Atlas, <http://communityfoundationatlas.org/>

⁴³ Formerly the Community Foundation Network. <http://www.ukcommunityfoundations.org/>

⁴⁴ 731,501 in the US and 639,052 in the UK.

latter (and an increasing number in the US, in particular) has prompted criticism in certain quarters. Barry Gaberman, the former Senior Vice President of the Ford Foundation, described back in 2006 what he categorised as an ‘unhealthy tendency’ to prioritise the needs of donors (which in this case means primarily high net-worth donors) over those of local communities, saying that:

“In the United States we have gone through a period in which we moved away from our notions of what community foundations were, in which for the most part our notion of the stakeholders was the community, and our notion of who we served, and had to serve, was the community and its needs. We began to define our stakeholders as the donors to the community, and we tended to see those donors as the people we needed to serve in the first instance.”⁴⁵

Place-Based Giving Schemes

At a smaller scale than community foundations, there are also dedicated place-based giving schemes in the UK. The line between these and community foundations is a bit blurred; not least by the fact that some are actually supported by community foundations or even partly administered by them. One key difference is that these initiatives tend to focus on smaller geographic localities than a community foundation would (so they can work as a sub-focus within a CF’s wider remit). They are also geared more towards ordinary people giving small sums of money rather than wealthy people giving at a higher level. As a result, they do not face the same tension as CFs in terms of the aforementioned balance between acting as local grantmakers or donor services organisations; because they are solely focussed on the former.

The best-known examples of place-based giving initiatives so far in the UK are in London.⁴⁶ Islington Giving was launched in 2008 off the back of an extensive needs analysis of the borough commissioned by the Cripplegate Foundation.⁴⁷ Subsequent years have shown that the initiative is already having an impact on the lives of some of the area’s poorest inhabitants,⁴⁸ and this success has sparked a number of similar initiatives in other London boroughs (Hackney Giving, Lambeth Giving Fund, Camden Giving and Southwark Giving).⁴⁹ The growth of these schemes in the capital has also been boosted by a

⁴⁵ Milner, A. (2006) [Community Foundations – Silver bullet or just part of the answer?](#) *Alliance Magazine*, 1st March 2006.

⁴⁶ For a detailed look at London’s Place-Based Giving Scheme movement, see London Funders (2017) [A Place to Give: London’s Place-Based Giving Movement in the Spotlight](#).

⁴⁷ Rocket Science UK Ltd. (2008). [Invisible Islington: Living in poverty in inner London](#), report commissioned by the Cripplegate Foundation.

⁴⁸ Office for Public Management (2013), [Giving Together: How Islington Giving is transforming local philanthropy](#), evaluation report commissioned by Islington Giving.

⁴⁹ Walker, C. (2017), [“Place-based Giving”](#), *Charity Financials*, 18th April.

campaign called “London’s Giving” run by London Funders (a network of organisations with an interest in funding civil society in the city), which specifically aims to promote place-based giving.⁵⁰

It is interesting to note at this point that the US context is quite different. Here, the gap in the market for place-based initiatives pitched at the ‘average donor’ has for a long time been filled by the United Way movement.⁵¹ This is a network of independent, community based organisations that raise funds to address the needs in their local area. Their history is also closely associated with workplace giving in the US, where they are by far the biggest player. The United Way movement developed alongside the community foundation movement in the US, and the difference between the two is primarily a difference of focus between mass-market giving (the former) and higher-value philanthropy (the latter). This has been characterised as the difference between a checking account and a savings account.⁵² However, this pithy description might risk making things seem too clear cut. In actual fact, the demarcation is far from clear: a 2005 report found that nearly all United Way and Community Foundation leaders in the US thought that there was an overlap between the two types of organisation in terms of donor base.⁵³ And the relationship between two can also vary widely, from one of close collaboration to one of “indifference and even all-out war”.⁵⁴

United Way does exist in the UK. It is primarily centred on Liverpool, where there are historical links to the movement due to the work of philanthropist Fred Freeman, and where Liverpool Charity and Voluntary Services (LCVS) became United Way Worldwide’s national partner for the UK in 2008.⁵⁵ However, the scope of the United Way movement in the UK remains small – almost certainly due in part to the fact that the UK introduced its own system of payroll giving as a concept back in 1987 (so other providers potentially have a twenty year head start in this marketplace); and also to the fact that place-based giving remains a small part of the overall philanthropy landscape of the UK. This may not remain the case for much longer however, as there appears to be a real groundswell of interest in place-based approaches amongst grantmakers and others at the moment. With this in mind, it is worth bearing in mind the lessons from the US example and being aware of the potential for competition and conflict to arise as the market for place-based giving grows more crowded.

There are also an increasing number of technology platforms which aim to enable individuals to act at a local level regardless of their geographic location. Some of these still focus on grantmaking in a specific

⁵⁰ <http://londonfunders.org.uk/what-we-do/london-funders-projects/londons-giving-transforming-and-energising-local-giving>

⁵¹ <https://www.unitedway.org/about>

⁵² Ragey, N., Masaoka, J. & Bell Peters, J. (2005). *Convergence & Competition: United Ways & Community Foundations - A National Inquiry*. CompassPoint Nonprofit Services.

⁵³ *Ibid*

⁵⁴ *Ibid*

⁵⁵ Smedley, T. (2014) *The future of the voluntary sector: the United Way case study*, *The Guardian Voluntary Sector Network*, 7th January.

geographic area, but open up the ability to find projects and make donations to donors from elsewhere (e.g. The Good Exchange).⁵⁶ Others focus on local projects, but not on a specific geography, enabling donors to find projects in a range of locations (e.g. Local Giving).⁵⁷ This even extends to international giving, where platforms like Global Giving⁵⁸ and Kiva⁵⁹ enable users to support individuals and communities in specific locations all around the world (in Global Giving's case through donations, in Kiva's case through repayable loans).

Other organisations taking a place-based approach

There are other charitable organisations in the UK which take a place-based approach to some or all of their giving, but are distinct from community foundations or the kinds of place-based initiatives considered above. These include:

A. Non-fundraising place-based grant makers.

Organisations which focus solely on a single location, but unlike community foundations or place-based giving initiatives do not seek to engage donors because they have their own income, and use this to make grants determined by their trustees and/or staff. Many organisations fitting this description will have an endowment tied to some historical business or individual philanthropist. Examples include:

- *The City Bridge Trust*: A place-based funder focused on London, whose income comes primarily from an endowment that can be traced back to the middle ages, when the Corporation of London began collecting tolls to use London's various Thames-crossing bridges. Over time this endowment grew so large that it more than covered the original purpose of maintaining the bridges themselves, so permission was sought to expand the charitable objectives of the trust that controlled the money and this was granted in the mid 1990s. Since then, The City Bridge trust has awarded over 7,000 grants, totalling more than £1/3 billion.⁶⁰
- *The Northern Rock Foundation*: A place-based funder focussed on the North-East and Cumbria, which existed from 1998 to 2016 and whose income was based on an annual grant of 5 per cent of the profits from Northern Rock bank under a Deed of Covenant established when the original Northern Rock building society demutualised. In its relatively short lifespan the foundation became a well-known and respected funder, and awarded around 4,400 grants totalling £225 million. Following the collapse of Northern Rock in the financial crash of 2007 and its subsequent takeover by the government, the foundation continued to operate at a

⁵⁶ <https://thegoodexchange.com/>

⁵⁷ <https://localgiving.org/>

⁵⁸ <https://www.globalgiving.org/>

⁵⁹ <https://www.kiva.org/>

⁶⁰ <https://www.citybridgetrust.org.uk/about-us/history/>

reduced level and then announced in 2014 that it would wind down completely, which it did in January 2016.⁶¹

B. Organisations with a narrow cause focus within a particular geography. These might be fundraising organisations or non-fundraising organisations. An example of the former would be:

- *The Greater Manchester Mayor's Homelessness Fund*: when former Labour MP Andy Burnham became the first directly-elected Mayor of Greater Manchester in May 2017, one of his first acts was to announce that he was setting up a new fund to tackle the increasingly pressing issue of homelessness in the region.⁶² He also announced that he would be donating 15 per cent of his mayoral salary to the fund and encouraging local citizens to support it too. The announcement somewhat confusingly referred to the fund as a "new community foundation", but unlike a community foundation as normally understood it is focussing on a single cause (at least at this point).

Examples of the latter (i.e. a non-fundraising charity that has a cause-specific focus within a particular geographic area) would be:

- *The Jack Petchey Foundation*: A charitable trust established in 1999 by London entrepreneur Sir Jack Petchey, and which focuses on helping young people aged 11-25 in London and Essex achieve their potential.⁶³
- *Blagrove Trust*: A charitable trust established in 1979 by Herbert and Peter Blagrove with a focus on supporting youth charities in Berkshire, Hampshire, Sussex and Wiltshire.⁶⁴

There are many similar examples among the multitude of individual or family-owned charitable trusts dotted around the UK, which are endowed and make grants to a specific range of causes within set geographic limits. These can be extremely difficult to identify, however, as their names often give little or no indication as to their charitable purpose or location; many of them do not have a website⁶⁵ and the Charity Commission for England and Wales register of charities records only minimal information.

C. National/ international organisations that take a place-based approach in one or more locations

⁶¹ Robinson, F. (2015) [Northern Rock Foundation: History and Achievements](#), report commissioned by Northern Rock Foundation.

⁶² <https://www.gofundme.com/GM-Mayoral-Fund>

⁶³ <http://www.jackpetcheysfoundation.org.uk/vision>

⁶⁴ <http://www.blagrove-trust.org/learning/>

⁶⁵ In the US, it is estimated that only 15 per cent of grantmakers have a website (<http://grantspace.org/tools/knowledge-base/Funding-Resources/General/grantmaker-web-sites>). I have been unable to obtain a similar estimate for the UK, but I would expect it to be similarly low.

Some national or international grantmakers choose to adopt a place-based approach in particular circumstances. This may be because they have a historic link to a particular place, and choose to retain a partial focus on that place alongside their wider work. For example:

- *The Charles Stewart Mott Foundation (Mott Foundation)*: The Mott Foundation is a US foundation established in 1926 by Charles Stewart Mott, who made his fortune in the automobile industry that flourished in the city of Flint, Michigan throughout most of the 20th century (he was on the board of Directors of General Motors for 60 years). The foundation is best known internationally as a major funder of initiatives which aim to enhance the strength of civil society around the world by encouraging civic engagement and charitable giving.⁶⁶ It also funds education at a national level within the US and environmental projects, primarily in the Great Lakes region. Its fourth area of work is a place-based stream focussed specifically on the city of Flint.

Grantmakers may also choose to adopt a place-based approach in one or more locations to which they don't have particular historic ties. (We shall consider what the motivations for doing this might be in section 5). For example:

- *The Joseph Rowntree Foundation (JRF)*: is a charitable trust that was originally founded by the York-based confectioner Joseph Rowntree. It has maintained strong links with the city of York ever since. In 2004, however, the JRF decided that it wanted to “gain sharper insights into a range of social policy issues by extending its work into a city with greater diversity and deprivation” and thus established a 10-year long programme in Bradford.⁶⁷
- *The Rank Foundation*: is a charitable trust that was originally endowed by the film magnate J Arthur Rank in 1953. It uses a place-based model for a significant proportion of its grantmaking, in a number of locations around the UK. Currently it has major projects in Hull (where there is some historical link, as J Arthur Rank's father came from the city) and Dundee (where it has no such links), and gives to a wide range of organisations in each city.⁶⁸

D. Individual Civic Philanthropists

Civic philanthropy is not, of course, the preserve of foundations and other charitable organisations: there is also a hugely important role for individual donors when it comes to support for our towns and cities. Some of these donors may choose to set up a vehicle such as a foundation to manage their

⁶⁶ You may recall that it was the Mott Foundation that partnered with CAF in 1988 to offer a challenge match fund to develop the Community Foundation movement in the UK.

⁶⁷ Telfer, S. (2013) *What makes effective place-based working? Lessons from JRF's Bradford programme*.

Evaluation report commissioned by Joseph Rowntree Foundation.

⁶⁸ <http://www.rankfoundation.com/what-we-do/place-based-projects/>

giving, or to use an intermediary such as a community foundation (or, indeed, CAF). The key difference between this situation and those we have already considered is that a living donor (or group of donors if it is a couple or family) has sole control over decisions about where to donate.

There are many examples of individual philanthropists focusing on place-based approaches. However, much like smaller foundations, they are often extremely difficult to identify (either by accident or design). Some prominent examples here in the UK include:

- *Jonathan Ruffer*: A successful investment manager and long-time philanthropist who has, since 2012, focussed on using his giving to revitalise County Durham. In particular, he has given millions to support arts and heritage causes in the town of Bishop Auckland, including a £15 million gift for the preservation of Auckland Castle and an £18 million gift to restore the Bishop of Durham's castle and create a new museum and theme park on the history of Christianity in Britain.⁶⁹
- *Roger De Haan*: The former Chairman of the Saga group (created by his father Sidney), who has given millions to support a range of charitable causes around the area of Folkestone, Hythe and the Romney Marsh in Kent through his personal foundation.⁷⁰
- *Michael Oglesby*: The founder of the Bruntwood Group, a Manchester-based commercial property company which owns over £1bn worth of property in the North-West of England, and who supports a range of charitable activities in the region through the Oglesby Family Charitable Trust.⁷¹

There are many different reasons that individuals might take an interest in the notion of place as a strategic basis for their giving. But whatever their motivation, these donors could represent a significant source of place-based philanthropic funding and could also act as powerful advocates for the development of a culture of civic philanthropy in towns and cities around the UK. To get a sense of the potential, it is worth noting the impact that individual civic philanthropy has had in the US.

⁶⁹ Wilson, A. N. (2014) "[Man on a Mission: Jonathan Ruffer and the Auckland Castle Trust](#)", *Financial Times*, 7th November.

⁷⁰ <http://www.rdhct.org.uk/>

⁷¹ <http://www.oglesbycharitabletrust.co.uk/about-us/>

FOCUS: Individual civic philanthropy in the US

Civic philanthropy has always played an important role in the US. The scale and geographic spread of cities means that wealth generation is more widely distributed than it is in the UK, where (as we have seen) the economy is heavily distorted towards London. Differing attitudes towards wealth and public generosity, combined with different cultural expectations about the responsibilities of philanthropy versus those of the state also make for a fertile environment in which to encourage local major donors.

As a result, there have always been high-profile donors associated with particular cities or local regions. Historically one can think of J.D. Rockefeller in New York,⁷² Julius Rosenwald in Chicago,⁷³ Ima Hogg in Houston⁷⁴ or Ewing Kauffman in Kansas City.⁷⁵ But recently, as philanthropy has come to new heights of prominence in American public life (as vividly documented by David Callahan in his book *The Givers*),⁷⁶ a new breed of civic philanthropist has also emerged. Many of these new civic donors are giving eye-catching sums. There are too many to list comprehensively here, but they include:

- **New York - Barry Diller and Diane von Furstenberg:** Early signatories of the Giving Pledge and major donors in New York - most notably giving over \$110 million dollars towards the creation of the High Line Park, a new public green space built on top of an abandoned elevated railway line.⁷⁷
- **Houston – Richard and Nancy Kinder:** The billionaire founder of energy infrastructure company Kinder Morgan and his wife, whose Kinder Foundation seeks to “enrich the lives of people in the Greater Houston area through transformational grants that impact urban green space, education and quality of life.”⁷⁸ Their most prominent donation to date has been a \$50 million gift to the Bayou Greenways public parks project.⁷⁹
- **Tulsa – George Kaiser:** Heir to an oil and gas fortune who also bought Bank of Oklahoma from Federal receivership in 1991 and subsequently became a multi-billionaire, Kaiser has endowed his personal foundation with more than \$4 billion.⁸⁰ In 2014, Kaiser made the

⁷² http://www.philanthropyroundtable.org/almanac/hall_of_fame/john_d._rockefeller_sr

⁷³ http://www.philanthropyroundtable.org/almanac/hall_of_fame/julius_rosenwald

⁷⁴ http://www.philanthropyroundtable.org/almanac/hall_of_fame/ima_hogg

⁷⁵ http://www.philanthropyroundtable.org/almanac/hall_of_fame/ewing_kauffman

⁷⁶ Callahan, D. (2017) *The Givers: Wealth, Power and Philanthropy in a New Gilded Age*. New York: Alfred A. Knopf.

⁷⁷ Foderaro, L (2015) “How Diller and von Furstenberg Got Their Island in Hudson River Park”, *New York Times*, 3rd April.

⁷⁸ <http://kinderfoundation.org/about-us/mission/>

⁷⁹ <http://kinderfoundation.org/major-gifts/urban-green-space/bayou-greenways-2020/>

⁸⁰ <https://www.forbes.com/profile/george-kaiser/>

largest philanthropic donation ever given to a public park when he gave \$350 million for the creation of “A Gathering Place for Tulsa”.⁸¹

- **San Francisco – Marc and Lynne Benioff:** The billionaire founder of Salesforce.com and his wife, who have given \$200 million for the creation of new children’s hospitals in San Francisco and Oakland.⁸²

We must always take care not to lean too heavily on comparisons between the US and the UK when it comes to philanthropy.⁸³ The historical, political and cultural differences between the two countries mean that many factors which contribute to the US culture of philanthropy that we could never replicate in the UK (and indeed, may well not want to in any case). However, the strength of individual civic philanthropy in the US is such that we should at the very least try to understand what the drivers and facilitating factors are, so that we can explore what relevance they might have for the UK context.

⁸¹ Canfield, K. (2014) “[George Kaiser Foundation makes record donation to River Parks for A Gathering Place](#)” *Tulsa World*, 14th August.

⁸² Tucker, J. (2014) “[Benioffs donate another \\$100 million to children's hospitals](#)”, SFGate.com, 8th April

⁸³ As argued in Davies, R. (2014) *Give Me a Break: Why the UK should not aspire to a “US-Style” culture of charitable giving*. London: Charities Aid Foundation.

6) *Motivations for Place-Based Philanthropy*

The examples highlighted in the previous section of philanthropy focussed on addressing the needs of towns and cities clearly demonstrate that there are many different ways of taking a place-based approach and many possible reasons for doing so. We will look at some of the options for place-based funders in the next section, but before that we should consider in more detail the question of motivation.

It is important to understand what might motivate an individual or organisation to take a place-based approach. It is only by doing so that we can develop strategies for developing civic philanthropy that will enable us to bring on board a wide range of different actors, with differing motivations, and to find ways for them to support our towns and cities that complement, rather than undermine, each other. One immediate and obvious question is what do we mean by “place”? Clearly it implies operating within defined geographic boundaries, but that still leaves an enormous amount of scope for interpretation. However in the context of our focus on civic philanthropy, let us assume that we are broadly talking about towns and cities (or manageably small administrative regions within which they sit).

Given this assumption, we can identify a number of different reasons that an individual donor or a philanthropic organisation might want to adopt a place-based approach:

1) Existing affinity with an area

The most obvious reason a funder would want to focus their giving on a specific place is that they have a personal or organisational connection with it. As we saw from the examples in the previous section, this could be a current connection (i.e. they live there, work there or- in the case of organisations - are headquartered there) or it could be a historic one (i.e. they were born there, used to live there, or – in the case of organisations – their founders had links there). It is important to bear this in mind when looking to develop a culture of civic philanthropy, as it makes it clear that we should not limit ourselves to engaging with those who happen to live in a place at this point in time, but should also seek to engage individuals and diaspora communities elsewhere who might still be interested in supporting a place for historic reasons. It is also worth noting that being motivated by existing affinity with an area does not preclude a donor also having a cause-specific focus within that area too.

2) *Charitable cause has a strong geographic element, or there is a clear geographic imbalance in the scale/severity of the problem*

Some funders may decide to take a place-based approach because they are trying to address a social or environmental issue which is particularly relevant or pressing in a certain location. For instance, a donor whose key issue is poverty reduction may choose to focus on coastal towns because these are known to suffer particularly high levels of poverty,⁸⁴ and this may be attributable to factors that are specific to these locations so it makes sense to develop a tailored approach.

3) *Desire for person/community-centred approach*

Many social and environmental challenges are inter-dependent and cross-cutting, so it makes little sense to try and address them in isolation. Instead, some funders choose to start from the point of view of individuals and communities, and to identify and address their needs in a more holistic way. This usually dictates taking a place-based approach, as it is only by sticking to defined geographic locations that it is possible to consider a wide range of interventions whilst still maintaining a manageable focus. In this situation, the choice of place could essentially be entirely arbitrary.

4) *Testing innovation at a definable scale*

Another situation in which using geography as a limiting factor makes sense is when adopting an innovative or untested approach. Restricting the area of operation to a single place will limit the size of the cohort of beneficiaries and will also make it easier to limit the number of other actors involved (whether those are public, private or voluntary sector). This should make it easier not only to implement an innovation but also to assess its effectiveness.

5) *Making measurement more achievable.*

As mentioned above in the context of innovation, adopting a place-based approach can make it easier to measure the impact of work. By limiting the scope of work to a defined geographical area, it is possible to control other variables and therefore isolate those effects that can be directly attributed to the intervention in question.

6) *Fitting with boundaries of public sector governance and service delivery.*

Some funders may choose to take a place-based approach because a significant portion of their work is dependent on the public sector (either through contracts to deliver services, or simply because what they do has overlap with statutory services), and it therefore makes sense to fit in with the geographic boundaries of public sector bodies and government agencies. This is more likely to apply to

⁸⁴ Broadbent, M. (2017) "[Britain's coastal communities amongst worst performing areas for earnings, jobs, health and education](#)", *Social Market Foundation* press release, 4th September.

philanthropic organisations than to individual donors, although there may be cases where donors are working in partnership with public sector bodies and thus taking this approach.

The value of understanding all the various motivations that might drive a funder to focus on a particular place (and this list is not exhaustive) is that it makes it possible to tailor the pitch for civic philanthropy to different audiences. We may then be able to identify a set of desired outcomes for a local area, and to bring together a wide range of funders from different sectors who all share an interest in achieving those outcomes, but have completely different motivations for doing so.

7) *Understanding the Needs of Our Towns and Cities*

We have seen, through the examples already highlighted, various ways in which philanthropy can be used in a civic context. But we will now consider this in a more structured way and ask how, in practical terms, philanthropists and philanthropic organisations can play an effective role in meeting the needs of our towns and cities and strengthening them for the future.

Before we get to the question of addressing the needs and challenges in a local area, we need to know what those needs and challenges actually are. Donors or funders with ties to a local area may believe they already have the answer to this question, but they should be wary of making such assumptions. One of the constant challenges that philanthropy faces in maintaining legitimacy in the face of criticisms that it is undemocratic, or represents an undesirable plutocratic bias, is to ensure that its actions are grounded in evidence, rather than stemming from ideology or self-interest.⁸⁵ This will be felt particularly starkly in the context of an individual town or city if people come to believe that a donor is simply serving their own interests or trying to impose their own views about what the area and its citizens need.

On the flipside, philanthropy can play a crucial role in developing the required evidence base on the needs and priorities of a local area. One tried and tested method of doing this is through social research; either conducted directly, as some foundations are able to, or in partnership with existing organisations like local higher education institutions. Philanthropy can also play a role in unlocking existing pools of knowledge about local needs and priorities. This could be from within communities themselves, or from charities and community groups that work with them, or from public sector sources.

One interesting approach is the Vital Signs model used by a growing number of community foundations. This is a programme in which participating CFs combine existing evidence from social research with additional insights from engagement with local residents and the CF's grantees to build up a picture of local needs and priorities. The model was developed in Canada, where it has expanded across the nation's 191 community foundations to become a national programme.⁸⁶ It was introduced to the UK in around 2013 by a handful of CFs and has subsequently been adopted by many more: in 2017, 22 UK CFs will be producing Vital Signs reports.

⁸⁵ For more on philanthropy's sometimes difficult relationship with democracy, see Davies, R. (2017) "[Philanthropy: Anti-democratic and proud of it?](#)", CAF Giving Thought blog, 12 July

⁸⁶ <http://communityfoundations.ca/vitalsigns/>

The value of these reports has a number of dimensions. Firstly, they represent a snapshot of local needs and priorities that is based on the views and perceptions of communities themselves, rather than merely on central or local government statistics. Secondly, the process of engagement required to get the evidence for the report has value in itself, as it offers a way to bring together local people and organisations with shared goals and help them to develop a shared understanding of their area. Finally, whilst each Vital Signs report works in isolation, when combined they have additional value in terms of providing a means of comparison between areas, and even at a national level. In Canada, for instance, they have started to use the evidence from the many individual Vital Signs reports to produce a series of national reports focussing on the theme of belonging.⁸⁷

One group of people who may have a great deal of relevant insight into the challenges facing local areas is public sector commissioners, as they are responsible for understanding local needs and designing services to meet them. However, even where commissioners have this knowledge, they often have no platform through which to share it more widely with other funders and charitable organisations working on the ground. They are also too often caught up in the messy reality of things like short-term funding cycles and service delivery siloes, and as a result left with little time to develop the wider relationships that would make this knowledge sharing possible. Philanthropic organisations could potentially add value here by convening a forum of local funders, or a “Local Philanthropy Partnership” modelled on the Local Enterprise Partnerships (LEPs) that have been used successfully in many local areas to bring public and private sector players together.⁸⁸ This could enable valuable knowledge sharing about local challenges and needs, as well as providing a platform for exploring shared approaches to addressing them.

Developing new sources of evidence and a better understanding of local needs and priorities could enable philanthropists and philanthropic organisations to make their giving within that area more strategic and effective. But it could also have wider benefits, in terms of providing evidence about whether philanthropic supply is well-matched with demand. We can think of philanthropy in two ways: at the micro level it is about individual acts of voluntary giving, while at the macro level it is a system for the redistribution of wealth within a society. As Reich, Cordelli and Bernholz put it:

“Philanthropy can refer both to actions and institutions. We can think of philanthropy both as a form of individual giving and as a complex economic and policy structure – as the institutionalized practice of privately funding the production of public benefits. If regarded from the first, agential perspective, philanthropy stands apart from other forms of giving, such as gift-giving to

⁸⁷ <http://communityfoundations.ca/vitalsigns/national-vital-signs/>

⁸⁸ For a detailed analysis of the success of the LEP model, as well as some of the key challenges, see National Audit Office (2016) [Local Enterprise Partnerships](#).

friends and family, and from spending for private consumption. If looked at from the second, structural perspective, it stands apart from alternative, institutionalized mechanisms of finance, such as taxation or market exchange.”⁸⁹

From the micro perspective, philanthropy is inherently irrational (in an economic sense): it is based on the voluntary choices of donors and influenced by a broad range of factors, many of which are emotional and subjective. However, if at the macro level we are also viewing philanthropy as an alternative mechanism for redistribution (which many seem to want to do), then we are likely to have some expectations that it will allocate resources rationally and equitably. Unfortunately, these two perspectives do not easily match up. The profile of philanthropic giving certainly does not match that of need at a national level,⁹⁰ and most likely doesn’t at a local level either. There are also significant geographic disparities in terms of philanthropic funding and activity.⁹¹ This means that attempts to use philanthropy to address need at a systemic level usually suffer from being patchy and inconsistent.

If we prioritise the micro perspective, we might decide that the right of donors to decide what to give to and how to give is sacrosanct, and thus we must simply accept that there will always be the danger of a mismatch of supply and demand. If we prioritise the macro level, however, we might decide that steps need to be taken to make philanthropy more rational and efficient, even if this means encroaching on donor choice. There may be a third way, though. One which avoids the risk of stifling the spirit of philanthropy and the advantages it brings, whilst still making it more rational at a macro level. The key to this is to shape the behaviour of donors by providing them with far more information about where needs lie and what the landscape of current provision looks like. This would mean that they are better able to determine how they can avoid duplicating or running counter to the efforts of others, and how they can maximise the impact of their own giving. Of course, individuals would still be free to ignore the evidence if they so choose (as that choice is inherent to philanthropy), but the hope is that many, if not most, donors would opt instead to tailor some or all of their giving to fit with it

It is clear from this that the potential value of accurate information on where the needs and priorities of local areas lie is enormous. Not only can it make giving within a particular local area more responsive and targeted, but it can play a vital role in shaping donor behaviour at a systemic level by highlighting where there are disparities or gaps in terms of the geographic or cause profile of existing philanthropic provision. That is why initiatives like Vital Signs are so important, in addition to the many other pieces of

⁸⁹ Reich, R., Cordelli, C. & Bernholz, L. (2016) *Philanthropy in Democratic Societies: History, Institutions, Values*. Chicago: Chicago University Press.

⁹⁰ The top three charitable causes in 2016 were Religion, International Development and medical research, while the top three public spending areas in the same period were Welfare, Health and Education. Data from: Charities Aid Foundation (2017) [UK Giving 2017](#), and: Fullfact.org (2017) [“The many ingredients of government spending”](#)

⁹¹ Total individual giving in the UK in 2016 was £9.7 billion ([CAF UK Giving 2017](#)), whilst UK Government Total Managed Expenditure for 2013-14 was £753bn (Fullfact.org (2017)).

research on individual local areas that are out there. However, there is still plenty more that can be done, not just in terms of collecting this information, but also in terms of using it more effectively.

One development that could help here is the move towards open data i.e. making data sets (once they have been appropriately cleaned and anonymised) available to all in a consistent, readable format.⁹² The potential benefit to this is that it opens the door for third parties to develop new tools for using the data in different ways, so the original owner of the data does not necessarily have to take responsibility for driving innovation using it.⁹³ In the UK, the 360 Giving initiative is working to bring the open data mind-set to the charity sector by getting big grantmakers to share data on their grants in a systematic way.⁹⁴ 360 Giving has managed to bring on board funders who together represent a significant percentage of the grantmaking capacity within the UK voluntary sector, and more organisations are joining all the time (including recently, a number of community foundations).⁹⁵ The data from these grantmakers has already been used as the basis for a number of different applications that aim to make the process of grantmaking more effective, and there is surely scope to do the same for philanthropic giving.

Democratising Civic Philanthropy

One approach to maximising the effectiveness of civic philanthropy as a means to address the needs of a local area, as we have seen, is to develop an evidence base on the needs and priorities of the area and to use that to shape the strategy of donors. But this research-led approach is not necessarily the only way of doing things. Another possibility is to use philanthropy to empower communities to solve their own problems, on the basis that people within them are likely to know best what those problems are and what would make the biggest difference to their lives. There are various potential models for doing this.

Citizen Grantmaking

Some philanthropic organisations are empowering local citizen and communities to direct some of their grantmaking. For example, the New Hampshire Charitable Foundation in the US has a network of 8

⁹² For more on what constitutes open data see <https://theodi.org/what-is-open-data>

⁹³ McKinsey estimates that open data could generate an additional \$3 trillion of value across seven key sectors as a result of the way in which it can harness innovation from entrepreneurial third party organisations. Manyika, J., Chui, M., Farrell, D., Van Kuiken, S., Groves, P. & Almasi Doshi, E. (2013) [Open data: Unlocking innovation and performance with liquid information](#). McKinsey Global Institute.

⁹⁴ <http://www.threesixtygiving.org/>

⁹⁵ At the time of writing: The Community Foundation for Tyne & Wear and Northumberland, Oxfordshire Community Foundation, The Community Foundation for Surrey, Cheshire Community Foundation, Quartet Community Foundation.

regional advisory boards across the state, comprised of a diverse range of volunteers, who make decisions on how to direct grants. 15 per cent of the organisation's total grantmaking is determined in this way. Similarly, here in the UK, the Big Lottery Fund (BIG) established the Big Local programme in 2012 with the aim of empowering underfunded communities to tackle their own problems. BIG invested £200m across 150 urban and rural areas, each of which will receive at least £1m over ten years.⁹⁶ In each of these areas, residents are given support to form their own BIG Local partnership, which takes responsibility for developing a strategy to use the grant money for the benefit of the local area over the long term.⁹⁷

Direct payments

There has been a lot of focus on the use of direct payments as means of empowering beneficiaries in the context of international giving. Organisations like GiveDirectly.org are trying to go against the dominant model of aid being delivered to people in developing countries by large, western charities and aid agencies and instead make it possible for donors to give no-strings-attached cash gifts directly to individuals in those countries.⁹⁸ The rationale is that this not only rebalances the inequality in the relationship between aid donors and recipients, but also produces better outcomes overall. And there is a growing body of evidence to support this hypothesis.⁹⁹ This approach has not to date been used as widely outside the context of international development and aid, but there is the potential for doing so.

Personal/Participatory Budgets

In many ways similar to direct payment, personal or participatory budgets are pots of money over which individuals or communities are given some degree of spending control. There may be almost total flexibility (in which case it is essentially the same as a direct payment), or there may be restrictions (e.g. the money can only be spent with certain providers, or may come in the form of vouchers that can only be spent on a defined range of goods or services).

Personal budgets have largely been seen in the realm of public service delivery up to now, but as with direct payments there seems like scope for translating the approach to the context of civic philanthropy.

⁹⁶ This is managed by an independent organisation, Local Trust: <http://localtrust.org.uk/our-work/big-local/about-big-local>

⁹⁷ For more, see: <http://localtrust.org.uk/library/programme-guidance/big-local-partnerships/>

⁹⁸ www.givedirectly.org

⁹⁹ See the research resource section on Give Directly's website: <https://www.givedirectly.org/research-on-cash-transfers>. Also: Independent Commission on Aid Effectiveness (2017) *The effects of DFID's cash transfer programmes on poverty and vulnerability: An impact review*. Open Government Licence.

It is worth noting, however, that whilst the use of personal budgets has produced some notable success stories it has also highlighted some significant challenges.¹⁰⁰

Challenge Prizes

Challenge prizes are a long-established tool for promoting innovation. They are used in a wide variety of contexts, including technology and social innovation.¹⁰¹ The idea is to offer a prize (either directly monetary, or in the form of a package of support to develop an idea) for the best solution to a stated problem or set of problems. This enables the prize issuer to draw on a far wider pool of ideas than would be possible if responsibility for innovation lay solely in-house. It can also reduce the risk associated with innovation, as they are not obliged to pay out until there are promising potential solutions on offer.

Challenge prizes have a rich history of usage by philanthropists and philanthropic organisations. They have been used to find innovative solutions to social and environmental problems at a national/international level, and also to find innovative approaches that can transform communities and places at a local level.¹⁰² For example, between 2010 and 2013 the Minnesota Community Foundation hosted an annual challenge prize called Minnesota Idea Open, which each year took a specific sub-theme of relevance to the area (e.g. Obesity, water stewardship, working together across cultures and faiths) and called on local citizens to propose their own solutions for dealing with the problem.¹⁰³ Support from the Knight Foundation and Ashoka Changemakers enabled the construction of a user-friendly portal through which people could easily submit their ideas.

The Knight Foundation runs a wider annual Cities Challenge, through which residents from the 26 areas in which it currently operates can propose ideas for improving their city and potentially share in a \$5 million prize pot.¹⁰⁴ At an ever bigger scale, Bloomberg Philanthropies has established an annual Mayors Challenge,¹⁰⁵ through which it challenges elected mayors in the US (and beyond) to demonstrate innovative approaches that could be replicated elsewhere. In 2017, Michael Bloomberg announced that he was committing an additional \$200m to expand the prize fund in the US.¹⁰⁶ Currently 35

¹⁰⁰ There are various reports evaluating the implementation and impact of personal budgets in different sectors. For instance Gadsby, E. (2013) *Personal Budgets and Health: a review of the Evidence*. Policy Research Unit in Commissioning and the Healthcare System, which examines evidence from international examples of personal budgeting approaches and concludes that there is currently little or no evidence that they improve health outcomes.

¹⁰¹ The UK innovation charity Nesta hosts a “challenge prize centre” which showcases examples of the use of this approach for social innovation. See <http://challengeprizecentre.org/>

¹⁰² A 2009 McKinsey report explored the use of philanthropic challenges prizes in some depth: McKinsey & Company (2009) “*And the Winner Is...: Philanthropists and governments make prizes count*.”

¹⁰³ <http://www.mnideaopen.org/>

¹⁰⁴ <http://knightcities.org/>

¹⁰⁵ <http://mayorchallenge.bloomberg.org/>

¹⁰⁶ Williams, T. (2017) *Blue Dots: A Big Philanthropic Bet Spotlights the Promise and Limits of Cities*. *Inside Philanthropy*, 28th June.

participating cities can win up to \$100,000 to develop an idea, and the five best can then win millions of dollars of additional funding to implement it.

Local crowdfunding

Another potential way of engaging communities in identifying their needs and priorities and developing their own solutions is through local crowdfunding. Crowdfunding broadly refers to an approach in which finance for a venture or project is raised in small amounts from a large number of people, often with the added caveat that pledged funds are only drawn down if the entire target amount is raised. It has proved to be extremely popular in certain areas such as technological innovation and creative industries like music and film.

In the context of civic philanthropy, crowdfunding could enable organisations to raise a specific target amount through small donations from local residents (this is essentially what the new Mayor's Fund for Homelessness in Greater Manchester is doing, via an existing crowdfunding platform). But perhaps more interestingly, it can also be used to democratise the process of picking projects to fund. Organisations like SpaceHive do this by providing a platform on which individuals and organisations can pitch social good projects in their local area and raise funding to meet a specified target.¹⁰⁷ This opens up the space for people to suggest innovative approaches, and also allows communities to express their preferences and priorities through the projects they choose to support.

¹⁰⁷ <https://www.spacehive.com/>

8) *Addressing the Needs of Our Towns and Cities*

What are the options for civic philanthropists and philanthropy organisations in terms of what to fund? These may be self-evident in some cases: for instance if using a challenge prize approach as outlined in the previous section, developing projects is part of the process so there are ready-made options for funding. However, in many cases even if research and engagement work is undertaken to identify the needs and priorities of a local area, that still leaves an open question about how best to address them using philanthropy. In this section we consider a range of different approaches that could be taken to applying philanthropy in a civic context.

Funding civic institutions

One option is to fund civic institutions such as libraries, museums, hospitals and so on. This might be in the form of revenue support, but is more likely to be in the form of a capital gift for a specific project such as constructing or renovating a building. This is probably what most of us have in our minds when we think about civic philanthropy: the model of the Victorian (or in the case of the US, early 20th century) industrialist or financier giving vast sums to support the creation of a new hospital ward or library (which more likely than not bears their name). And, as we have seen through some of the examples already highlighted in this report, this remains a popular approach today in many places.

This sort of giving has often provoked criticism in some quarters, on the grounds that it represents an egotistical form of “name-plaque philanthropy” in which the primary aim for the donor is their own aggrandisement and social advancement (see, for instance, figure 10, a satirical cartoon from 1903 in which Andrew Carnegie and JD Rockefeller are mocked along these lines).¹⁰⁸ In some cases, this accusation has undoubtedly been warranted, but it is an unfair one to level across the board. It does, though, raise important questions about who determines which civic institutions to support: if it is determined by democratically-elected institutions, or by the type of grassroots engagement process outlined in the previous section, then there should be little cause for concern. If, however, it is determined by the philanthropist themselves with no reference to either of these things, then people may well ask questions about the legitimacy of such a decision and it may even cause resentment and ill-feeling among local citizens, who might feel the money could be better directed.

¹⁰⁸ “A Word to Grand Stand Specialists” Image taken from Puck, v. 53, no. 1370 (1903 June 3), centrefold. Made available by US Library of Congress, [reproduction number LC-DIG-ppmsca-25747](https://www.loc.gov/reproduction-number/LC-DIG-ppmsca-25747). No known rights restrictions.



Figure 10 'A Word to Grand Stand Specialists'. Cartoon by Samuel Ehrhart for the satirical magazine *Puck*, 1903. Illustration shows Puck tugging at the coat-tails of Andrew Carnegie, as he and JD Rockefeller pile money bags around the base of a statue labelled "Fame", which they seek by endowing libraries and universities; Puck is suggesting that they could do more good for society by endowing places like a "Home for Consumptives", saying, "You have qualified thoroughly as modern philanthropists, now why not do some good?"

Arts & Culture

Another well-worn area of civic philanthropy is the cultural sector, where museums, art galleries and concert venues have long been a focal point for donors who want to support or revitalise a local area. Many venues such as the Tate galleries in London and Liverpool, the Guggenheim museum in New York, the Whitworth gallery in Manchester, the Natural History Museum in London or the Museum of Science and Industry in Chicago, can all trace their origins back to generous philanthropic donations of one kind or another.

Support for institutions like these continues to be a vital part of the tapestry of civic philanthropy today; although it has often proved controversial. The cultural sector is certainly one in which the question of appropriate reward for donors has never been far from the surface, given the long traditions of gala dinners, conferring naming rights in return for major gifts and so on. There have always been some, too, who question whether arts and cultural organisations are inherently elitist – benefitting those on higher incomes disproportionately – and whether they attract money from donors at the expense of other causes.

It is not clear whether support for arts and culture cannibalises potential support for other things, but it is certainly true that there is bias towards funding these areas among very wealthy donors. CAF's UK Giving 2017 report¹⁰⁹ shows that only 2 per cent of the total amount of UK donations in 2016 went to the arts, whereas more than 7% of the £1m+ donations made in 2015 were to arts and cultures, according to the Coutts Million Pound Donors report.¹¹⁰ In the UK there is also a clear geographic bias towards London, as many of the biggest cultural institutions with the most sophisticated fundraising and donor relations machinery are there, and hence able to suck in a lot of the available money (aided by the fact that, as we have seen, wealth creation is also skewed towards London, so the pool of donors with at least one foot in the capital is fairly sizeable).¹¹¹

An additional complicating factor with the arts and cultural sector (as with many others too, it has to be said) is that the balance of responsibility and expectation between philanthropy and the state has fluctuated over time, and particularly over the course of the last century. Prior to the Second World War, the situation was reasonably clear-cut, as there was no real suggestion that the state had any responsibility for arts and culture. It was only with the establishment of the Committee for the Encouragement of Music and the Arts (CEMA) in 1940 under the chairmanship of John Maynard Keynes (which eventually became the Arts Council in 1946) that people began to look to the state to fund museums and galleries.¹¹² The challenge for many organisations is that ongoing cuts to public sector budgets mean that the pendulum is now swinging back in the other direction, and there is a greater emphasis once more being placed on philanthropic funding. And many organisations, particularly small ones outside London are finding that they have neither the fundraising resources nor the ready-made donor base to make such a transition in income streams without significant difficulty.

Despite these challenges, arts and cultural institutions will almost certainly be an important part of any strategy to use philanthropy to boost civic identity and aid civic renewal. Many of these institutions are vital elements of their local tourist industry, and as such play a key role in the local economy. They can also act as stores of information about the culture and history of the local area, and thus can help to bolster the sense of civic identity and pride. Furthermore, although we have highlighted the criticism of some cultural institutions as "elitist", the trend in recent years has very much been towards trying to open arts and culture up to the widest audience possible and philanthropy has played an important role in supporting this ambition.¹¹³

¹⁰⁹ Charities Aid Foundation (2017) [UK Giving 2017](#).

¹¹⁰ <http://philanthropy.coutts.com/en/reports/2016/united-kingdom/findings.html>

¹¹¹ House of Commons Culture, Media & Sport Select Committee, "[Countries of Culture: Funding and support for the arts outside London](#)". Fourth Report of Session 2016–17

¹¹² For more, see Davies (2016). 99-103.

¹¹³ Grantmakers like the Clore Duffield Foundation, Esmée Fairbairn Foundation and Paul Hamlyn (along with many others) have all focussed part of their giving on widening access to the arts.

Higher Education

Another area in which philanthropy has historically played a major role is in higher education. Many of the UK's red-brick universities were built at least in part with donations from the local industrial magnates of the Victorian era, and the polytechnic movement that gave rise to many newer universities in the 20th century similarly has its roots in philanthropic support.¹¹⁴ This enthusiasm continues today, with many of the most notable and eye-catching major donations in the UK each year going to universities.¹¹⁵ As with other civic and cultural institutions, giving to universities has often been associated with donors getting recognition in the form of naming rights, lavish gala events and the like, and as such has sometimes been viewed rather cynically.

However, as we shall explore further in the next section, there is a clear rationale for cities in the UK and elsewhere that traditionally relied on heavy industry to adapt to the demands of a new knowledge-based economy. Universities are a vital part of this, in part through their research and the role they play in developing a skilled workforce, but also by providing a focus for wider commercial innovation through maintaining links to local companies, establishing science and technology parks, and developing start-up incubators. The sorts of innovative high-growth companies that come out these associations tend to significantly outperform more traditional ones in terms of growth and job creation, and are likely to be the future drivers of our economy.¹¹⁶

Public Parks and Greenspaces

Another tangible option for civic philanthropists is to support public greenspace within an urban area. There is a growing body of evidence pointing to the cross-cutting social, environmental and economic benefits of maintain areas of green space for public access,¹¹⁷ including:

- **Mental and physical health and wellbeing:** There is a wealth of evidence which shows that spending time outdoors and getting involved with nature has a positive effect on personal wellbeing and mental health, and parks and greenspaces are the natural place for this to

¹¹⁴ Notably that of Quintin Hogg. See e.g. Hogg, E. (1904) [*Quintin Hogg: A Biography*](#). London: Archibald Constable & Co..

¹¹⁵ It was reported in 2017 that annual philanthropic donations to UK universities had passed £1 billion for the first time. Ross-CASE, (2017) [*Giving to Excellence: Generating Philanthropic Support for UK Higher Education*](#). London: Council for Advancement and Support of Education (CASE). There have also been many notable individual donations; such as the [£75 million given to the University of Oxford by Michael Moritz](#), the [£12 million given to Imperial College by James Dyson](#), or the [£20m given to King's College London by Dickson Poon](#) given to Martin etc.

¹¹⁶ Universities UK reported that "Although innovative companies accounted for only six per cent of UK businesses between 2000 and 2005, they produced 54 per cent of jobs growth over the period," and that in 2010, Graduate start-ups saw growth of 18.1% in contrast to a decline of -2.7% across UK businesses as a whole. See Universities UK (2011). [*Higher Education in Focus: Driving Economic Growth*](#). London: Universities UK.

¹¹⁷ For a good summary of these benefits, see House of Commons Communities and Local Government Select Committee, (2017) [*Public Parks: Seventh report of session 2016-17*](#). London: The Stationery Office.

happen in an urban environment. They also act as a focal point for many organised and informal physical activities, which again confer health and wellbeing benefits.

-Social Capital: in an urban environment where those from different social classes and ethnic backgrounds are often increasingly isolated from one another, parks provided a shared locus for people from all backgrounds to come together and interact, and develop “bonding social capital”.

-Air quality: Urban air quality has become a hot-button topic in recent years, and the available evidence suggests that urban vegetation can play an important role in reducing air pollution. Hence the presence of urban greenspaces which can provide significant vegetation barriers is vital.

-Climate change: Properly designed urban greenspaces can play a role in combatting climate change by acting as areas of carbon sequestration (assuming that they take in more CO₂ than they produce, which a well-designed space can). Furthermore, many of these spaces contain mature trees, which are important in their own right for the role they play in locking up carbon from the atmosphere.

-Childhood Development: There is a growing body of evidence and opinion on the value that playing outdoors and experiencing nature has in terms of children’s development and happiness. For many children living in urban areas, parks represent their only realistic means of doing so.

There is also a pressing need for new sources of funding for parks in the UK to be found, as public funding is drying up at a fairly alarming rate. The *State of UK Public Parks 2016* report found that 92 per cent of local authority parks departments had faced reductions in funding in the preceding three years, and that 95 per cent of parks managers expected to be faced with further reductions in the next three years.¹¹⁸ In certain cases, the picture is astonishingly bleak: Newcastle City Council, for example, reduced its park management budget by 97 per cent between 2011 and 2016.¹¹⁹ MPs and others have warned that this situation puts the UK’s parks at a tipping point, where many of them are in danger of declining back to the neglected state they were in in the 1980s.¹²⁰

Yet ironically, this potentially calamitous funding situation comes at a time when parks themselves have never been so popular or well-used. The *State of UK Public Parks 2016* report found that more than half the population (57%) visited their local parks at least once a month, and Natural England’s *Monitor of*

¹¹⁸ Heritage Lottery Fund (2016) [The State of UK Parks 2016](#). London: Heritage Lottery Fund

¹¹⁹ House of Commons Communities and Local Government Select Committee, (2017)

¹²⁰ Carrington, D. (2017) [“UK’s cash-starved parks at tipping point of decline, MPs warn”](#), *The Guardian*, 11th February.

Engagement with the Natural Environment shows that park visits have been increasing year-on-year since at least 2009/10.¹²¹ In urban areas, 61 per cent of people reported using their park at least once a month, and that figure rose to 71 percent among Black and Minority Ethnic residents; demonstrating what a valuable resource public parks are across the community.

Many local authorities and individual parks are trying hard to find alternative, sustainable funding models. There have also been wider initiatives like Nesta's Rethinking Parks project, in which they partnered with the Heritage Lottery Fund UK and Big Lottery Fund England to provide a £1 million grant fund for parks, and which resulted in 11 parks getting grants to test out innovative new business models.¹²² Philanthropic money will undoubtedly have a vital role to play in the future of our parks, both in terms of supporting the transition to new business models and as a source of funding for parks in its own right. We can already see this being explored in some parts of the UK, where local authorities are considering creating new endowed charitable entities to own and manage the parks in their local area.¹²³ The growth of "public parks philanthropy" in the US (highlighted in the box below) demonstrates both the enormous potential and some of the challenges of such an approach.

FOCUS: Public Parks Philanthropy in the US

Public parks and greenspaces have become a major focus for civic philanthropists in the US in recent years. This has resulted in huge amounts of money flowing into the regeneration of existing parks and the creation of entirely new ones. But alongside the clear benefits that have been produced, there has also been a great deal of controversy, as people have questioned whether philanthropy is an appropriate way to finance public greenspaces in the long term.

In terms of the role of philanthropy in regenerating existing parks, by far the best known example is New York's Central Park. This was first opened to the public in 1858, and became an integral part of the life of the city, but by 1960 had begun a slow process of decline. This culminated in the late 1970s with many concluding that the park had deteriorated beyond the point of saving, and should be relinquished. However, a number of donors and community groups put forward ideas for how the fortunes of the park could be reversed, and this led, in 1980, to the formation of

¹²¹ Natural England (2017) [Monitor of Engagement with the Natural Environment: The national survey on people and the natural environment](#).

¹²² <http://www.nesta.org.uk/project/rethinking-parks>

¹²³ Sheffield City Council worked with the National Trust as part of Nesta's Rethinking Parks project to explore the feasibility of establishing an endowment to manage the city's parks. More recently, it was reported that Newcastle City Council were considering pursuing a similar model in partnership with the National Trust: Maidment, J. (2017) ["Parks 'to be run by charities' under plans backed by the National Trust"](#). *The Daily Telegraph*, 18th April.

a new non-profit organisation: The Central Park Conservancy (CPC). This began as the junior partner in efforts to regenerate the park, alongside the city's Parks Department, but over time began to play an ever-more dominant role; largely due to its success in raising major donations from New York's finance community. (The CPC raised over \$100m in gifts over the 1980s and 1990s).¹²⁴ As a result, in 1998, the conservancy was awarded a long-term contract in 1998 to manage the park outright. It has also continued to attract major donations, including a highly publicised 2012 gift of \$100m from hedge fund magnate John Paulson.¹²⁵

It is not just in New York that philanthropists have stepped up to address the failings of existing parks, however. In Memphis, Tennessee, local businessman Pitt Hyde and his wife Barbara have put a significant amount of money and energy into transforming Shelby Farms Park. Once again, this has centred on the creation of a new non-profit conservancy to manage the park, and the Pitts have made a number of donations to get momentum behind the organisation, including a \$20m challenge grant.¹²⁶

Whilst some donors have focussed on supporting or transforming existing parks, others have instead decided to use their money to drive the creation of entirely new greenspaces. One eye-catching example has been the development of High Line Park in New York. This hugely popular new park is a 1.45 mile long elevated linear space created on a former spur of the former New York Central Railroad on the west side of Manhattan. One of the driving forces behind the creation of this park has been the philanthropy of Barry Diller and his wife Diane von Furstenberg, who have given more than \$35 million to finance its creation.¹²⁷ Other notable projects include the creation of a new park called A Gathering Place in Tulsa, Oklahoma, which has received over \$350 million of philanthropic money (of which the lion's share - over \$200 million - has come from energy billionaire George Kaiser); or the Bayou Greenways project in Houston, Texas, which aims to establish a continuous system of 150 miles of parks and trails, and has benefitted from a \$50 million donations from Nancy and Richard Kinder.¹²⁸

Whilst many have applauded these donors for their generosity in creating valuable new public assets, there has also been significant criticism from other quarters. Some have pointed out that, as in other contexts, whilst philanthropic money might be a valuable addition to public funding; it

¹²⁴ Sparks, E. (2012) "[Philanthropy on the Green](#)". *Philanthropy* magazine from the Philanthropy Roundtable, Fall edition.

¹²⁵ Foderaro, L. (2012), "[A \\$100 Million Thank-You for a Lifetime's Central Park Memories](#)", *New York Times*, 23rd October.

¹²⁶ Sparks, E. (2012)

¹²⁷ Foderaro, L. (2011) "[Record \\$20 Million Gift to Help Finish the High Line Park](#)", *New York Times*, 26th October.

¹²⁸ Williams, T. (2014) "[The New Golden Age of Urban Parks Philanthropy \(And Its Controversies\)](#)" *Inside Philanthropy*, 19th September.

is not a viable alternative to it because it lacks the required scale.¹²⁹ Others have highlighted the danger of this kind of philanthropy exacerbating inequality, because it leads to high-profile parks in areas that benefit wealthy people attracting far greater funding than those in less affluent areas.¹³⁰ This concern became so acute in New York that it led to State Senator Daniel Squadron introducing a Bill that would force park conservancies to pool their money so that it could be distributed more fairly.¹³¹ This was endorsed by current mayor Bill de Blasio when he was running for office, although he subsequently stopped short of implementing the full version of the legislation.¹³² It did, however, prompt a furious backlash from many in the philanthropy world who saw it as an attack on the liberty of donors.¹³³ This is a controversy that is sure to rumble on, and one which demonstrates the potential challenges of using philanthropic money to fund public greenspaces.

Fund philanthropy infrastructure

One way in which civic philanthropists can have a multiplier effect is by focussing some of their giving on developing infrastructure that can enable and encourage even more philanthropy in their area. This might include forums that bring together donors, online donation platforms, advice services or new funds.

One model we highlighted in a previous discussion paper as part of our Giving for the City project¹³⁴ is that of creating a dedicated role for a philanthropy liaison or an office of Strategic Partnerships within a mayoral staff as a way of developing relationships with a range of funders and coordinating activity in a civic context. There is evidence that such an approach can be successful in leveraging additional philanthropic funding to address shared goals,¹³⁵ but it also requires fairly significant resources to make it work. Given that local government and mayoral budgets are often tightly constrained, one option would be for philanthropists or philanthropic organisations to fund these functions. For those who have an interest in fostering a wider culture of giving, this could represent an effective means of doing so.

¹²⁹ Walls, M. (2014) [Private Funding of Public Parks: Assessing the role of philanthropy](#). Resources for the Future, Issue Brief 14-01.

¹³⁰ E.g. Salmon, F. (2013) "[Why privately-financed public parks are a bad idea](#)", Reuters blog, 22nd November.

¹³¹ Soskis, B. (2013) "[Parks and Accumulation](#)", New Yorker, 21st November.

¹³² Foderado, L. (2014) "[New Parks Dept. Leader Shares de Blasio's Goal of Addressing Inequities](#)", New York Times, 21st March.

¹³³ E.g. Husock, H. (2013) "[Bill de Blasio's Philanthropy Fallacies](#)", Forbes, 31st October.

¹³⁴ Davies, R. (2017) [Chain Links: The role of mayors in building a culture of civic philanthropy](#). London: Charities Aid Foundation.

¹³⁵ Ferris, J. & Williams, N. (2012) [Philanthropy and Government Working Together: The Role of Offices of Strategic Partnerships in Public Problem Solving](#). The Center on Philanthropy and Public Policy, Sol Price School of Public Policy University of Southern California.

Affordable housing

A lack of affordable housing is regularly cited as one of the main challenges facing UK society, particularly in towns and cities.¹³⁶ And this is not just a UK problem: many other countries across the western world are facing a similar housing crisis.¹³⁷ Property prices have risen dramatically over the last decade,¹³⁸ which has resulted in more and more people struggling to make it on to the property ladder. At the same time, the stock of social housing has failed to keep pace with demand (and the rate of construction of new social homes has plummeted in the UK in recent years)¹³⁹ which has led to many people being forced into the private rental sector despite the fact that they can ill afford it. This has been one factor in a marked increase in homelessness in many of the UK's towns and cities in recent years.¹⁴⁰

Philanthropy has had a long relationship with affordable housing. In the latter half of the 19th century, into the early 20th, many of the big name donors of the time such as George Peabody, Edward Guinness, Nathan Rothschild and Octavia Hill, devoted a significant proportion of their efforts to funding the construction of decent quality homes for the working classes in urban areas. One interesting and distinctive feature of this housing philanthropy was that it often used approaches which combined a philanthropic and a commercial motivation: what we might nowadays call social investment or impact investing. For example, there was the model of “5% philanthropy” (or sometimes 4% philanthropy) in which investors were paid a flat rate of interest on their investment from the revenue from renting the properties, but a rate that was below true market one, on the basis that these investors were willing to sacrifice some financial return in recognition of the social benefits of providing low-cost, habitable accommodation for the working classes.¹⁴¹

Social investment continues to play a role in the development of affordable housing today, through models like the Community Land Trust (CLT). This is a model developed in the US during the Civil Rights movement, which enables local communities to develop and manage their own housing (as well as other community assets). The model has been introduced to the UK in the last decade and has grown rapidly (there are now 225 CLTs, representing a six-fold increase over six years). The homes built through CLTs are supposed to be genuinely financially sustainable, but CLTs still often benefit from

¹³⁶ For more detail on this “Housing Crisis”, see e.g.

https://england.shelter.org.uk/campaigns/why_we_campaign/the_housing_crisis

¹³⁷ Ellwood, W. (2017) “[Finding home: Lack of affordable housing is a crisis across the West](#)”, *New Internationalist*, 1st June.

¹³⁸ The average UK house price rose from £150,633 in January 2005 to £220,713 in May 2017, and whilst growth has reportedly slowed recently, it remains at over 5 per cent per year. Source:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/may2017#uk-all-dwellings>

¹³⁹ Kentish, B. (2017) “[Number of government-funded social homes falls by 97% since Conservatives took office](#)”, *The Independent*, 20th June.

¹⁴⁰ Butler, P. (2017) [Number of rough sleepers in England rises for sixth successive year](#), *The Guardian*, 25th January.

¹⁴¹ For more, see Davies, R. (2016) “[The Longer-Than-You-Might-Think History of Social Investment](#)”, *Pioneers Post*, 24th March.

being able to access social investment finance at various points in their development, as this finance may be more affordable, risk tolerant or patient as a result of the partial social motivation of the investors.¹⁴²

CLTs are just one example of a way in which civic philanthropists could tackle the lack of affordable housing in their local area, but there are many other models they could use, ranging from straightforward, direct philanthropic funding to trying to influence central or local government policy on housing via research and campaigning. It seems certain, however, that they could play an important role in addressing this crucial issue.¹⁴³

Local journalism and news sources

There has been a great deal of focus recently on the value of independent, objective journalism. The growing prevalence of social media as many people's primary source of information in place of traditional media sources has led to the rise of "fake news" and the development of the idea of a "post-truth age".¹⁴⁴ Many analysts agree that this played a significant role in the populist backlash against the perceived establishment which was part of the background to the Brexit vote in the UK and the election of Donald Trump in the US; and many of the proposed solutions to the problems facing our society have identified sustainable, objective news gathering and reporting as a crucial piece of the puzzle.

However, at the same time, journalism is the midst of an existential crisis as it struggles to adapt its funding and business models to the realities of a new age in which the internet and social media have come to dominate. This struggle has been felt particularly acutely at a city level, where many local newspapers have been forced to cut resources sharply as a result of the advertising revenue that was their main source of income drying up.¹⁴⁵ This could have a hugely detrimental effect on civic life, as these organisations have traditionally played a vital role as part of the fabric of local democracy by holding local officials and business people to account, providing coverage of court proceedings and local government meetings, shining a spotlight on pressing social issues in the area and so on.¹⁴⁶

¹⁴² CAF in fact operates a dedicated social investment fund through which CLTs can access a range of affordable finance: <https://www.cafonline.org/charities/borrowing/social-investment/community-land-trust>

¹⁴³ For a wider overview of the potential ways in which philanthropy could be applied to affordable housing in the UK, see Smith Institute, Peabody & NPC, (2013) [Rebuilding the Relationship Between Affordable Housing and Philanthropy](#)

¹⁴⁴ The idea of "post truth" has resulted in the publication of a number of books in the last year, including the three referenced in the following FT article: Lloyd, J. (2017) ["The truth about the post-truth age"](#). *Financial Times*, 25th May.

¹⁴⁵ See e.g. Nielsen, R. K. (ed.) (2015) *Local Journalism: the decline of newspapers and the rise of digital media*. London: I.B Tauris & Co. An extract is available [here](#) from the Reuters Institute for the Study of Journalism at Oxford University, which coordinated the publication of the book.

¹⁴⁶ E.g. Sullivan, C. (2017) ["Loss of local UK newspapers 'undermining democracy'"](#) *Financial Times*, 21st August.

Philanthropy has emerged as one of the potential solutions to the crisis facing journalism, as a growing number of funders have come to recognise the importance of objective news-gathering and have begun to direct their resources towards supporting it through various different approaches. This ranges from the Amazon founder Jeff Bezos's purchase of the Washington Post - which obviously sits within a long tradition of wealthy individuals becoming newspaper proprietors but was seen by many as a clearly philanthropically-motivated move¹⁴⁷ – to the huge increase in donations for non-profit news organisations like ProPublica in the last 18 months.^{148,149}

One potentially valuable option for civic philanthropists, therefore, would be to support sustainable infrastructure for quality local journalism as a way of ensuring that the system of checks and balances within local democracy remains healthy.¹⁵⁰ This is not without its challenges, however: there are valid and important questions about how to ensure that journalism remains free and objective in the context of reliance on philanthropic support. This might be because a philanthropic proprietor exerts overt and inappropriate control over the editorial line of the outlet, but it might also be the result of a more subtle process of self-censorship on the part of the outlet itself because it is concerned about biting the hand that feeds it. In a civic context, this is likely to be a real problem, as the philanthropists who may come to be seen as one of the main potential sources of support for local journalism are also likely to be prominent local businessmen, politicians and civic leaders, and hence precisely the sort of people that the news outlet should be monitoring and challenging as part of its role in speaking truth to power.

Community cohesion

Regardless of which side of seismic recent political events such as the UK Brexit vote or the US election of Donald Trump your views put you on, there would seem to be one thing on which we can all agree: our society and our communities have become extremely divided. This has many extremely complex causes, but in broad terms seems to be a reflection of the differing ways in which various communities and social groups have benefitted or suffered (or perceived themselves to have) as a result of economic and social trends like globalisation and liberalisation.

¹⁴⁷ E.g. Sorkin, A. R. (2013) “[Newspapers Are Billionaires' Latest Trophies](#)” *New York Times*, 5th August.

¹⁴⁸ Fandos, N. (2016) “[Nonprofit Journalism Groups Are Gearing Up With Flood of Donations](#)”, *New York Times*, 7th December.

¹⁴⁹ For an overview of the current landscape of philanthropic funding for journalism in the UK, see Harrow, J. & Pharoah, C. (2017) [Philanthropic Journalism Funding in the UK](#), Centre for Charitable Giving & Philanthropy, Cass Business School, City University of London. Report commissioned by the European Journalism Centre.

¹⁵⁰ A 2012 report from a House of Lords Select Committee identified philanthropy as one of the main potential sources of support for investigative journalism in the future and proposed extending charitable status to many news organisations to incentivise such funding further. See: House of Lords, [The Future of Investigative Journalism](#), Select Committee on Communication 3rd Report of Session 2010-12. London: The Stationery Office.

This situation should be a source of concern for everyone, as a failure to understand or respect the views of others, or a lack of recognition of the ways in which different groups and communities can exist alongside each other, leads to growing tensions that can manifest itself as hatred and violence. We have seen this happen in the UK, where the Brexit vote revealed stark divisions between and within different towns and cities around the country, and following the decision to leave the European Union many of the simmering tensions that were revealed by the vote boiled over into a marked rise in hate crime.¹⁵¹

Charitable organisations, and the philanthropists who support them, have a clear and vital role to play in addressing divisions within our communities and within wider society. Many of these organisations are rooted in local communities, and often work with the marginalised groups and individuals in our society. They can thus perform a range of valuable functions,¹⁵² including:

- Acting as an early warning system for division within a local area before it spills over into unrest or even violence
- Giving a voice to marginalised groups
- Providing a locus for different groups and communities within a local area to interact and brokering those interactions to foster bridging social capital
- Offering a forum within which issues and concerns can be raised, particularly where these are controversial.

Strengthening existing local civil society

Most local areas will already have some civil society infrastructure in the shape of charities, community groups, faith organisations and so on - all of which play an important role in maintaining healthy civic life. These are often small organisations, and may be largely (or even entirely) staffed by volunteers.¹⁵³ As a result they often face significant challenges in terms of lacking capacity and skills, and most would benefit from additional support to make them more effective and sustainable. This could be in the form of funding for capacity building, through direct support for skills development, or through knowledge sharing. There are often pockets of innovation and best practice both within a local area and outside it, so making it possible for other organisations to find out about them so that they can adapt their own ways of working has real value. Likewise, simply being able to access information on what the civil

¹⁵¹ BBC (2017), “[Record Hate Crimes' After EU Referendum](#)”. *BBC News Online*, 25th February.

¹⁵² More on the role of charities in overcoming societal division can be found in Charities Aid Foundation (2016) [A Stronger Britain: How can charities build post-Brexit Britain?](#)

¹⁵³ 82 per cent of UK voluntary sector organisations have an income of £100K or less, and 48 per cent have an income of £10K or less. 47 per cent of voluntary sector employees also work for an organisation with fewer than 25 employees (Sources: <https://data.ncvo.org.uk/a/almanac17/size-and-scope-2/> and <https://data.ncvo.org.uk/a/almanac17/workforce-4/>).

society landscape within an area looks like could help to avoid duplication and open up possibilities for collaboration and partnership.

Fund transition to cities of the future

Successful civic renewal cannot simply be about harking back to past glories and trying to turn back the clock. Many of the traditional industries on which the wealth of certain cities was founded have gone and are unlikely to return. At the same time, there have been huge demographic changes within many societies and technology has helped to make our world more connected than ever before. Civic philanthropists need to acknowledge this, and to base their approach on ensuring that their cities and regions are supported to adapt to the opportunities and challenges not just of today's world but of coming decades.

In part this is about acknowledging that our economy has changed towards a knowledge-based one, and that successful cities in the future are likely to be those that have positioned themselves to take advantage of this transformation. As Centre for Cities put it in a report looking at the history of UK cities over the last century and the implications for current policy:

“If policy wants to improve the performance of cities that have struggled in recent decades it needs to stop obsessing about returning to the past and look to the future by focusing on improving the attractiveness of these cities to knowledge-focused businesses. Successful cities of the future will be those that adapt to the constant change that the 21st century will bring, in the way London and latterly Manchester have done in recent decades.”¹⁵⁴

This change is likely to become even more marked as new technologies are starting to transform not just the economies of some cities, but the cities themselves. The development of “smart cities”, in which interconnected networks of systems and objects powered by artificial intelligence are able to use big data to adapt and tailor services and the urban landscape to the needs of citizens, is going to have a profound effect on how we live in urban areas and the vision we have for the future of our cities.

So what can philanthropy do? This is a subject we will be returning to over the course of our Giving for the City project, but some initial thoughts are:

- 1) **Support the transition to a knowledge-based/creative economy:** philanthropy can play an important role in supporting these areas of industry by funding arts and culture, and by funding research institutions such as universities.

¹⁵⁴ Swinney, P. & Thomas, E. (2015) [A Century of Cities: Urban economic change since 1911](#). London: Centre for Cities.

- 2) **Catalyse the development of high-tech, sustainable industries:** There are some interesting examples of philanthropic organisations using their money to support the development of commercial industries. The Cleveland Foundation, for instance (which you may remember from section 3 is the world's oldest Community Foundation) is using research, public education and advocacy to catalyse the development of a local wind power industry.¹⁵⁵ It is also a direct investor in a project to build the US's first freshwater offshore wind farm on Lake Erie, and has given grants for the development of other promising hi-tech industries as part of its "Economic Development" area of work.¹⁵⁶
- 3) **Support the development of smart cities:** There are many opportunities to use philanthropy or social investment to support the application of new technologies such as the Internet of Things in a civic context as well as to fund the development of new approaches to urban planning and design. Bloomberg Philanthropies, for example, has launched a programme in partnership with the Aspen Institute in which it aims to engage with the mayors of a number of leading global cities to help them prepare for the arrival of large-scale autonomous vehicles.¹⁵⁷
- 4) **Help to develop a civic vision for the future:** In the broadest sense, philanthropy can play a role in developing a vision for a place that builds on its area's history whilst positioning it to adapt to the opportunities and challenges of the future. This could be through research and publications- for instance coordinating a series of essays on the future for the city from a range of local citizens, policymakers, civic leaders businesspeople etc. Or perhaps through coordinating a conversation exercise or challenge prize as highlighted in section 5.

¹⁵⁵ Monitor Institute, (2014) [Bright Spots: Promising approaches in community philanthropy](#).

¹⁵⁶ <https://www.clevelandfoundation.org/grants/impact-areas/economic-development/>

¹⁵⁷ Bloomberg Philanthropies press release (2016) "[Bloomberg Philanthropies and the Aspen Institute Launch First Global Initiative to Help Leading Cities Prepare for the Advent of Autonomous Vehicles](#)".

9) *The challenges of developing civic philanthropy*

Hopefully it is evident from the material in this report that there is huge potential to develop civic philanthropy in the UK, and that it could present real opportunities to address some of the key challenges facing our towns and cities. However, the development of civic philanthropy will also bring challenges, and it is important that we identify these so that we can take actions to overcome them and minimise any unintended negative consequences.

Below we outline some of the key issues that those interested in developing a culture of civic philanthropy must address. We do not necessarily have the solutions at this point, but we will be exploring these issues further throughout the course of our Giving for the City project.

- **Can philanthropy be used as a tool to build civic identity and a sense of place where those have been lacking, or are they prerequisites for developing civic philanthropy?**

The idea of civic philanthropy at the heart of this report IS both a reflection of civic identity and civic pride, and a tool for strengthening them- but does this actually work in practice? If a degree of pre-existing civic identity is required to motivate this kind of philanthropy, does that mean that it is not possible in places where the level of civic identity has declined too far? This would be problematic, as those would seem to be precisely the places in which a culture of civic philanthropy is most needed. Furthermore, if those areas that have a healthy existing sense of civic identity and an existing culture of giving are able to take advantage of efforts to develop civic philanthropy whilst others are not, then it could create significant disparities between different areas (the dreaded “postcode lottery”).

One potential solution to this paradox (if that is indeed what it is) would be to harness place-based funding from individuals and organisations whose motivations are not necessarily rooted in identity with a given place in order to pump-prime the culture of civic philanthropy. (As we saw in section 4, funders can have a wide range of motivations for taking a place-based approach).

- Unpopular causes and “funding in the gaps”

Philanthropy at a systemic level is still a reflection of the voluntary choices of individuals, albeit at an aggregate scale. This means that whilst in theory a pluralistic system encompassing a wide range of donors and charitable causes might see donations spread relatively evenly, in reality they are heavily skewed towards certain causes. As we explained in section 7, this is one of the reasons that philanthropy cannot be considered a suitable substitute for proper levels of public funding. But it also raises challenges for philanthropy in its own right within a civic context, if certain causes prove to be unpopular with donors despite the fact that they may represent pressing social or environmental issues. Whilst there is not necessarily any strict compunction on individual donors to consider where their giving fits within the overall landscape of funding for a local area, as the decision about what to give to remains an essentially voluntary one,¹⁵⁸ in pragmatic terms it will weaken the case for developing a culture of civic philanthropy if there is a perception (or indeed a reality) that all of the donations are going to a handful of popular causes at the expense of unfashionable but equally important ones.

One potential solution to this problem, as outlined in section 5, might be to use greater transparency, knowledge sharing and open data to give donors the information to see for themselves whether their donations are addressing gaps in existing funding, or merely replicating the work of others. It is likely that many donors, and certainly those who have a desire to maximise the effectiveness of their own giving, would use this information to guide their giving to where it could have the greatest impact.

- The importance of community-led solutions in maintaining legitimacy

We highlighted earlier in this report the value of engaging with individuals and community groups to understand the needs and priorities of an area, and also the ways in which the practice of civic philanthropy can be democratised by involving citizens in decision making or giving them control over how philanthropic capital is spent. This is also important because it can help to circumvent a number of criticisms often levelled at philanthropy: firstly that it represents not just an imbalance of wealth but of power too, because if the donor gets to dictate where money is spent they retain a great deal of power in relation to the recipients even while they are giving their money away; and secondly that

¹⁵⁸ Although, it should be noted that some have challenged this view on the grounds that philanthropy in fact represents a form of societal redistribution and thus donors have an obligation to direct their giving in order to meet this ideal. See e.g. Cordelli, C. (2016) *Reparative Justice and the Moral Limits of Discretionary Philanthropy*, in Reich, R., Cordelli, C. & Bernholz, L. (2016) *Philanthropy in Democratic Societies: History, Institutions, Values*. Chicago: Chicago University Press, in which the author argues that “*Philanthropy should be understood foremost as a duty of reparative justice... Affluent donors should, as a matter of moral duty, exercise no personal discretion when deciding how to give and to whom. Indeed, they should regard their donations as a way of returning to others what is rightfully theirs.*”

philanthropy is profoundly anti-democratic because it offers a means by which unelected individuals can exert significant influence over the direction of social policy by virtue of their wealth.¹⁵⁹ Both of these will be felt particularly acutely in a local context where donors and recipients live side-by-side and may be part of the same communities, and where the potentially distorting effect of big-money philanthropy will be magnified. This is why approaches that allow donors to give away power as well as money, and which make the process of philanthropic decision making more democratic are so important.

- **Co-ordinating public, private and philanthropic funding**

Making philanthropy more efficient and effective by coordinating the activities of donors and grantmakers is only part of the picture. If we are truly going to maximise the potential of civic philanthropy, we also need to understand how it fits within the wider environment of public and private sector activity within an area, and to find ways of bringing funding from all three sectors together around shared goals. This is purpose of the “collective impact” movement in the US, which seeks to find ways of coordinating activity across sectors in order to address deeply-entrenched social problems, based on the assumption that *“no single organization is responsible for any major social problem, nor can any single organization cure it,”* and that therefore *“large-scale social change comes from better cross-sector coordination rather than from the isolated intervention of individual organizations.”*¹⁶⁰

- **Concerns about philanthropy being used to plug the gaps caused by public spending cuts**

We have seen that public and philanthropic provision of welfare often overlaps, and that the balance of expectation and responsibility between the two has shifted back and forth over time. It is unsurprising, therefore, that when public finances are tight – as they have been in the recent years of austerity in the UK and elsewhere – some look to philanthropy and charity to take up the slack. This can be problematic, for two main reasons. Firstly, as argued in section 7, philanthropy is almost never a suitable replacement for appropriate levels of public spending because there is a difference of magnitude between the two, and the profiles of where philanthropic and public money goes are very different. Secondly, even in

¹⁵⁹ For an exploration of the anti-democratic nature of philanthropy and why this may bring advantages as well as disadvantages, see Davies, R. (2017) [Philanthropy: Anti-democratic and proud of it](#), CAF Giving Thought blog, 12th July.

¹⁶⁰ Kania, J. & Kramer, M. (2011) [“Collective Impact”](#) in *Stanford Social Innovation Review*, Winter 2011.

circumstances where philanthropy has been used effectively to replace public spending, this has often proved controversial, as detailed in the box below.

FOCUS: Civic Philanthropy and Public Spending - Controversy in the US

In recent years, some cities in the US have harnessed philanthropic money in ways that raise significant questions about the dividing line between philanthropy and public spending, and have thus proved controversial.

The most famous example is Detroit, which filed for bankruptcy in 2013 and then sought the help of a group of nine charitable foundations to cover public pension liabilities and other costs, generating a great deal of controversy.¹⁶¹ A similar situation arose in another Michigan city – Flint – following the crisis beginning in 2014 in which degrading infrastructure led to the city's entire water supply becoming contaminated with lead. Once again, a group of ten local and national philanthropic funders came together and set up a \$125 million fund to address the water quality issue and help the community recover over the next ten years.¹⁶² This was less directly controversial than the Detroit situation, but still raised question about whether it was suitable for philanthropy to have to deal with the failings of governmental structures and public bodies.

This continues to be a thorny issue: more recently, it was reported that in Hartford, Connecticut, a group of three large insurance companies based in the city, are pledging to provide \$50 million dollars over the next five years to support local public institutions in response to the parlous state of the city's finances.¹⁶³ Once again, whilst some welcomed the news, there were also those who raised concerns about whether donors (corporate ones in this case) should take on this kind of responsibility and what it could do to the balance of power in a local area.

There are also examples in which local government has actively sought the help of philanthropy to bail it out. In the city of Kalamazoo, Michigan in 2016, for instance, Mayor Bobby Hopewell reached out for help to two local donors, William Johnston and William Parfet, who subsequently

¹⁶¹ Schambra, W. (2014) "[Foundations Offering to Bail Out Detroit May Regret Their Decision](#)", *The Chronicle of Philanthropy*, 24th January

¹⁶² Williams, T. (2016) "[What Should Philanthropy's Role Be When Public Systems Fail? Flint as Case Study](#)". *Inside Philanthropy*, 12th May.

¹⁶³ Ochs, A. & Callahan, D. (2017) "[Philanthropy to the Rescue in Another Struggling City. This Time in Connecticut.](#)" *Inside Philanthropy*, 13th March.

jointly pledged \$70m over three years to help the city.¹⁶⁴ This proved particularly controversial because the money was not going towards a public building or similar institution, but rather being used directly to address the city's budget deficit and to reduce property taxes for its citizens.¹⁶⁵ This raised in some people's minds difficult questions about the appropriate role of philanthropy in a civic context.

- **When does civic pride and localism become parochialism?**

The report has centred on the development of philanthropy in the context of towns and cities and the role this can play in bolstering a sense of civic identity, which we have been assuming to be a good thing. However, there is also a sense in which a growing focus on localism might come at a cost, if it were to tip over into parochialism. In the context of philanthropy, could this make people less likely to give to important national or international causes? There is no reason that this should be a zero-sum game, in which locally-focussed philanthropy comes at the expense of national or international, and some organisations have found that in fact the opposite is true; and that using locality and a sense of community to motivate philanthropy can result in more giving at all levels. A recent report on international giving by US community foundations,¹⁶⁶ for example, found that 85 per cent of the organisations surveyed had made at least one international grant (compared to 67 per cent in 2002),¹⁶⁷ and that this was partly a result of “*many community foundations... beginning to adopt a broader, more nuanced definition of “community” than they have in the past.*” The lesson here for other civic philanthropy initiatives is a focus on place-based giving need not be insular or inward-looking, but can be used as a tool to grow the overall amount of philanthropic giving.

- **What is the end game for place-based philanthropy?**

One question that philanthropic funders should always ask themselves (when funding ongoing programmes rather than capital costs) is: what is their exit strategy? I.e. How are they eventually going to stop funding that programme or intervention? It is important to address this question because unless

¹⁶⁴ Callahan, D. (2017) *The Givers: Wealth, Power and Philanthropy in a New Gilded Age*. New York: Alfred A. Knopf. P. 98

¹⁶⁵ Jones, A. (2016) “[If only someone could write a check: How Kalamazoo landed \\$70M](#)”. *Michigan Live*, 30th July

¹⁶⁶ Foundation Center & The Council on Foundations (2017) [Local Communities with Global Reach: International Giving by U.S. Community Foundations](#).

¹⁶⁷ It is worth noting that the Silicon Valley Community Foundation, which pioneered the model of allowing a proportion of grants to be directed internationally, accounted for 44% of the total amount of international giving by US CFs.

you have a clear idea of how your approach can help to leave an organisation, community or group of individuals in a better place than when you started after a certain period of time, the assumption must be that you either keep funding in perpetuity or stop at some point and risk causing harm to the beneficiaries. Philanthropic resources are finite, so if a funder is constantly collecting new programmes that they then need to fund for an indeterminate period of time, this will limit their ability to adapt over time.

This question is particularly important for funders that are taking a place-based approach in a specific case, but not committed long-term to that city/town (as highlighted in section 6 on motivations). For these funders it is crucial that there is a clear plan for how they are eventually going to exit (and when) without causing more problems than they manage to solve.

- **How do we ensure that we build bridging social capital as well as bonding?**

Strengthening communities and building social capital within an area are generally taken to be good things. However, there is a less positive side to the notion of community, and not all social capital is the same. Communities are defined as much by who is not in them as by who their members, and differing communities have widely differing attitudes to membership: some are open and inclusive, and take a positive attitude to those outside the group, whilst others are highly exclusionary; making it difficult for people to become members and taking a negative attitude to non-members. In social capital terms, there is a distinction between “bonding social capital” in which links between members of an existing community within a local area are strengthened and “bridging social capital”, in which new links are formed between people from different communities within the area.¹⁶⁸ The latter is particularly important in the context of the increasingly diverse nature of today’s towns and cities, so the challenge for civic philanthropy is to ensure that it is finding ways to bring different communities together and thus building bridging social capital as well as strengthening bonding social capital.

¹⁶⁸ For the classic exploration of social capital, including the bridging/bonding distinction, see Putnam, R. (2000) [*Bowling Alone: The Collapse and Revival of American Community*](#). New York: Simon & Schuster.

10) Policy Recommendations

This report is intended to provide the narrative for our Giving for the City project, and to highlight some of the issues and topics we plan to explore through that work, rather than to cover all of them in depth. Our work so far has led us to develop some preliminary recommendations for the different actors that all need to play a part in the development of a culture of civic philanthropy.

Central Government

- **Develop a clear narrative about civic philanthropy:** Government should use the information and ideas in this report and from elsewhere to develop a clear narrative about the role that philanthropy can play in strengthening civic identity and support for towns and cities around the UK; and why this forms a central part of ambitions to revitalise our urban areas. This narrative should avoid creating a false tension between local and national or international giving, and instead make it clear that each has a distinct and important part to play in our overall culture of philanthropy.
- **Make philanthropy a key part of localism and devolution:** Central government should outline a clear narrative and vision for the role of philanthropy in the future of towns and cities. It could also make the development of a philanthropy strategy a part of deals to devolve power to local areas, including any future devolution or city deals.
- **Sharing learning from UK and abroad:** Central government should use its convening power to bring together those with an interest in developing civic philanthropy in the UK, as well as facilitating engagement with experts from other towns and cities around the world where they have successfully harnessed philanthropy as a force for civic identity and renewal.
- **Funding to boost development of civic philanthropy:** Although constraints on public spending remain tight, where money is available for developing localism or civil society, consideration should be given to how it could be used to stimulate a culture of civic philanthropy around the UK and thus leverage in additional resources to support the future of our towns and cities. E.g. The government could consider adopting proposals by NCVO to use money from Dormant Assets (potentially totalling more than £2 billion)¹⁶⁹ to help build the endowments of the network of UK community foundations.¹⁷⁰
- **A cross-departmental approach to revitalising towns and cities:** Much of the work to reinvest in towns and cities in the UK is led by HM Treasury and the Department for Business, Energy and Industrial Strategy, but it has very obvious cross overs with departments including

¹⁶⁹ UK Government (2017) “£2 billion boost set to transform charity and voluntary sector funding”. Department for Digital, Culture, Media & Sport press release, 3rd March.

¹⁷⁰ <https://www.ncvo.org.uk/1836-ncvo-s-general-election-2017-manifesto-how-it-can-be-achieved#local>

the Department for Communities and Local Government who are driving devolution, and the Office for Civil Society within the Department for Culture, Media and Sport who are working on community cohesion and civic life. The Government should establish a cross-departmental working group that brings all these key strands together and harnesses the power of philanthropy in bolstering UK's towns and cities for the future.

Local Government & Public Sector

- **Establish Local Philanthropy Partnerships (LPPs):** Adopt the same model as the successful Local Enterprise Partnerships (LEPs), to bring together parties with shared philanthropic aims.
- **Collective Impact and Public-Philanthropic Partnerships (PPP mark2).** Philanthropists, public funders and the private sector should explore models that enable them to work successfully together to address shared goals in the context of our towns and cities. This will entail shared goal-setting, agreement on scale, measurement, attribution, risk sharing etc.
- **Knowledge sharing on local needs and priorities:** Public sector commissioners should engage with philanthropic funders on an ongoing basis to share knowledge and insight about the needs and priorities of the local area, rather than limiting their engagement solely to procurement of services.
- **New industrial identity and corporate philanthropy:** Policymakers and politicians should make corporate philanthropy a key part of their strategy when identifying the future industrial base of their region. E.g. Areas that are seeking to attract hi-tech businesses should also seek to emulate the rich culture of philanthropy that has arisen out of the tech industry in Silicon Valley.
- **Open Data:** Local authorities and those commissioning public services should make appropriately anonymised data openly available in a consistent, usable format so that philanthropic funders and social purpose organisations can use them to design and measure effective interventions.
- **Smart Cities and data:** Areas piloting smart cities approaches should partner up with philanthropic funders to work out ways in which the data collected on social needs, demographics etc. could be used to improve philanthropic strategy and practice.
- **Public Parks and Greenspaces:** As local government funding is cut back, and many public parks and greenspaces are placed under threat, local authorities should explore the opportunities for harnessing sustainable philanthropic funding as an alternative to selling off for commercial development.
- **Affordable Housing:** Given that we are in the midst of a UK housing shortage crisis, local authorities should look to support models that can harness philanthropy or social investment to

help develop the supply of affordable housing in our towns and cities, such as Community Land Trusts.

- **Leadership:** The Local Government Association (LGA) is the national voice of local government, working with councils to support, promote and improve life at the local level. We call upon them to play a positive role in facilitating this conversation, and encourage them to establish a special interest group on this topic as a focal point for conversations.

Mayors

We looked specifically at the role of elected mayors in our earlier discussion paper *Chain Links: The role of mayors in building a culture of philanthropy*, where we offered the following recommendations:

- **Develop a clear narrative about the role of philanthropy** and a vision for a culture of modern civic philanthropy in their town, city or region.
- **Take a convening role** by using the profile and status of the mayoralty to bring together public sector bodies, companies, charities, foundations and local philanthropists to identify shared goals and to encourage partnership and consolidation where possible.
- **Establish a mayor's fund** as a charitable vehicle that can attract donations, leverage philanthropy from other sources and be used to address challenges facing the local area. Consider partnering with existing intermediaries to reduce administrative costs and to ensure that the fund is as effective and responsive as possible.
- **Appoint a philanthropy liaison** to focus on developing relationships with the donor, funder and charity communities and finding and coordinating opportunities for partnerships based around shared priorities for the local area.
- **Publish a philanthropy strategy** that outlines the narrative and details the approach the Mayor and their office are going to take to developing civic philanthropy.

Philanthropists and Grantmakers

- **Developing evidence of needs & priorities:** Philanthropists should fund initiatives designed to build understanding of the needs and priorities of cities. E.g. the Vital Signs approach pioneered by community foundations.
- **Open Data:** Funders should attempt to transition towards an open data approach, so that the benefit of evidence on the needs and priorities of local areas can be felt more widely. This will also help at a national level to identify “hot” and “cold” spots for philanthropic funding

- **Funding in the gaps:** Philanthropists and grantmakers should try to balance need and supply by using data to ensure that their funding - at both a local and national level - is directed at those areas of greatest need and lowest level of current provision.
- **Identifying sense of place:** Place may mean different things to different people, and this has clear practical implications for place-based initiatives. Philanthropic funders can play an important role in determining the various levels at which people feel a sense of affinity and, if necessary, translating place-based initiatives (philanthropic or public sector) into terms which make sense for donors.
- **Stimulating wider culture of philanthropy:** Funders can help to stimulate more philanthropy and social action by funding the necessary infrastructure. E.g.: social innovation hubs to foster knowledge sharing and networks, philanthropy liaison offices, place-based giving schemes to harness mass-market place-based giving.
- **Social Investment using endowed assets:** Charitable foundations should look to use their endowment assets to make mission-related social investments that benefit both their cause areas and the localities they work in. This way, they can put all of their assets to work in pursuit of their mission, and thus increase their impact.
- **Experiment with democratising grantmaking:** Philanthropists and funders should look at ways of making local grantmaking more democratic, such as citizen grantmaking panels, personal budgets or direct payments.
- **Use Challenge Prizes to drive local innovation:** Offering prizes in the form of development grants etc. for solutions to well-defined problems is a good way of harnessing innovation whilst maintaining an acceptable level of risk, and should be a tool in the armoury of all civic philanthropists and grantmakers.
- **Seeing is believing:** Place-based funders can play a valuable role by helping to make existing and potential donors aware of the needs of their local area by taking on visits or facilitating engagement with local charities and community groups.
- **Supporting local journalism:** We have seen the growing recognition among philanthropic funders of the role that quality, objective journalism can play in maintaining the democratic health of our towns and cities. Funders should continue to look for sustainable ways to support local news organisations.
- **Community Cohesion:** Philanthropic funders should play a vital role in supporting community integration and cohesion by providing spaces for local residents from different communities and demographics to interact, or by actively facilitate engagement through conversation exercises etc.

- **Transition to Future Cities:** Civic philanthropists should help to position towns and cities for the future by supporting research into new technologies and approaches that can enhance life in our urban areas, and projects to test them in a real-world setting.

Charities and philanthropy intermediaries

- **Understand motivations for place-based giving:** Fundraisers should understand the wide range of different motivations donors and grantmakers might have for wanting to take a place-based approach, and tailor their strategy accordingly.
- **Communities of interest among charities' donors:** National charities should develop communities of interest amongst their donors based on place e.g. A sight loss charity could have donor "teams" for different towns and cities, or offer the opportunity to donate to geographically-specific projects.
- **Advice on civic philanthropy:** Philanthropy advisers should join place-based business and philanthropy advisers in their local region so that they can advise clients how to direct some of their giving toward place-based initiatives if they want.
- **Diaspora giving circles:** Donors or philanthropic intermediaries should establish diaspora giving circles within the UK so that people in areas of high employment and wealth creation like London can join together and give back to other towns and cities around the UK.

If you have thoughts or opinions on any of the issues covered in this report, or are interested in getting involved in our Giving for the City project, please contact the author:

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